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## Audit Suggests Barings Knew of Risky Trading

By Michael Richardson  
*International Herald Tribune*

SINGAPORE — New details about the collapse of Barings PLC suggest that the company's London management knew about and condoned the trading activities at its Singapore branch, which ultimately led to its downfall.

Official investigators in Singapore said over the weekend that senior executives at Barings were warned several times in the past three years of major problems at Barings Futures (Singapore) Pte.

In the first detailed account of their probe into the futures trading losses that caused the collapse of Britain's oldest merchant bank just over a week ago, the investigators produced documentary evidence on Saturday strongly indicating that top managers in London knew of the massive futures trading from Singapore and supported it.

Analysts said Sunday the account appeared to support claims by Nicholas W. Leeson, the former head of futures trading at Barings in Singapore, that his superiors in London knew what he was doing and backed him because of the

previous profits he had earned for the group.

Under Mr. Leeson as general manager, Barings Futures (Singapore) made a profit of nearly \$14 million in 1994, according to Price Waterhouse & Co., which is acting as judicial manager of the futures trading arm.

Mr. Leeson, 28, is now in detention in Germany pending the outcome of an extradition request by the Singapore authorities.

The Barings group "took a position and lost," said K. Shanmugam, legal counsel for the Singapore International

Monetary Exchange, the trading arena in which much of the ultimately disastrous speculation in futures and options linked to the price of Japanese stocks took place.

He was speaking at a joint news conference by SIMEX, the Stock Exchange of Singapore, officials of the Monetary Authority of Singapore, and Price Waterhouse.

Price Waterhouse officials said that an internal audit carried out by Barings in August concluded that there was "a significant general risk" that trading con-

See BANK, Page 7

## China Leader Assails Errors In Handling Of Economy

By Steven Mufson  
*Washington Post Service*

BEIJING — Prime Minister Li Peng told the opening session of the National People's Congress on Sunday that the government would try this year to rein in economic growth, tame "excessive" inflation rates and fight corruption.

Mr. Li was relatively frank by official Chinese standards, acknowledging that the government had failed to curb the abuse of power by many officials and had made mistakes that contributed to last year's 21.7 percent retail inflation rate.

But the prime minister, who signed the martial-law order before the 1989 crackdown on Beijing's pro-democracy demonstrators, was silent on questions of fundamental political reform. He repeated the customary political slogans of the Deng Xiaoping era and called on the 2,811 members of the legislature to "implement the basic line of the party."

The one-and-a-half hour speech in the Great Hall of the People in Tiananmen Square kicked off the three-week session of the National People's Congress, traditionally the country's rubber-stamp legislature.

Under the leadership of the former intelligence chief Qiao Shi, however, the legislature has emerged as an organization vying for its place in the power structure. It is expected to consider the adoption of about 30 laws on topics ranging from the central bank, state enterprise reform and bankruptcy, to family planning, prison reform and the environment.

The National People's Congress also is expected to promote two allies of the president and Communist Party general secretary, Jiang Zemin. Wu Bangguo, like Mr. Jiang a former Shanghai Communist Party chief, and Jiang Chunyun, a former party chief from the eastern province of Shandong, are likely to become deputy prime ministers, thus further solidifying Mr. Jiang's position.

Though key votes have traditionally been virtually unanimous, the legislature had one of its few significant dissenting voting blocs when it considered the Three Gorges hydroelectric dam project on the Yangtze river. Bankruptcy proposals have also stimulated heated debate, but the leg-

See CHINA, Page 7



RUSSIAN POWS — Two 19-year-old Russian prisoners of war carrying buckets of water Sunday to the Chechen military headquarters in Shali, 25 kilometers (15 miles) southeast of Grozny, where they are held captive. The two army conscripts were captured Jan. 1 after the Russians' New Year's assault on the Chechen capital failed.

## Bloodbath Rips Fabric of Algerian Society

By Nora Boustany  
*Washington Post Service*

ALGIERS — The dead lie side by side: neighborhood policeman, the musician, the feminist, the schoolmistress, the head of the fine arts academy, the movie director, the student and the unknown prisoner.

In life, they were symbols of social and economic injustice, cultural diversity and frustrated political goals, who became targets in the three-year-old power struggle between Islamic militants and the army-backed government.

But in the graveyards of Alia, Qatara and Garde, they are equals, all civilians

trapped in an escalating bloodbath that is tearing the fabric of Algerian society.

In January 1992, Algeria's militant Muslims were on the verge of winning control of the national legislature. Then the government canceled the elections, the military asserted control, and a struggle began that has killed some 30,000 people, many of them civilians and foreigners.

The government said Saturday that 6,382 people were killed by the militants last year, and scores more have died since. At least 42 people died when a suicide bomber blew himself up in a crowd outside the Algiers police headquarters Jan. 31.

Last month, the victims gunned down

included intellectuals and artists, school directors who refused to wear veils, and female architects. On Feb. 17, Djamel Ziater was shot as he stood over his mother's grave, the 36th journalist to be killed since the rebellion began.

As the military retaliates with aerial strafing and armed confrontations, families tried last week to mark the end of the holy Muslim month of Ramadan, flocking to cemeteries with flowers and sweets to pay their respects to the dead, many of whom recent victims of the violence.

At the Alia cemetery here, Souhila M. cried as she patted fresh earth around a

See ALGERIA, Page 7

## For a Week, Ouagadougou Blooms as Africa's Cannes

By Howard W. French  
*New York Times Service*

OUAGADOUGOU, Burkina Faso — "Wasn't that Wole Soyinka?" someone asked in a crowded hotel lobby, referring to the Nigerian Nobel laureate and dissident, who was spotted darting from one interview to the next.

"Has anyone seen Alice Walker?" another celebrity-watcher wondered aloud, referring to the American novelist who visited here two years ago.

"No, but I did see Winnie Mandela," came the response, a reference to the estranged wife of the South African president, Nelson Mandela. Mrs. Mandela soaked up VIP treatment here briefly, despite a government order not to leave the show.

This is usually the quietest of sub-Saharan capitals. But not last week, when Ouagadougou was host to Africa's version of Cannes, a biannual film festival known as Fespaco. The buzz of celebrity-watching, business deals and discussion groups briefly overtook the whisky din of the town's preferred mode of transportation, the motor scooter.

Red-lettered banners festooned all about town shout slogans like "Enjoy Fe-

space and Say Thank-You," and "Going to the Movies Is Like Taking a Trip."

From early morning, when the city's dozen or so theaters open, until night, the thousands who mill in and out appear to have taken the call to heart.

"I don't usually go to the movies at all," said Bintou Ouebrango, a 24-year-old university student who fought the crowds for a flimsy metal seat under the open sky of the Rialto Theater to watch a drama from neighboring Ivory Coast. "But this is the one time it is exciting to live in Ouagadougou, when our country is even easy for foreigners to find on the map."

American hits like "Pulp Fiction" and "What's Love Got to Do With It?" were among the dozens of films being shown here, but it was a week when Hollywood's products did not stand out, much less steal the show.

For years, African cinema has seemed dominated by slow-paced lyrical epics that explore the mysticism and traditions of rural life. But veterans of the 26-year-old festival said the offerings this year featured more conventional story lines. The shift reflects Africa's growing preoccupation with urban problems, none more prominent than AIDS.

On a typical festival evening, one screen carried the story of an unemployed Senegalese man's obsession with winning the lottery, an obsession that turned him into a wandering lunatic.

At a theater across town, moviegoers watched a prostitute concerned about AIDS argue with a customer over the use of a condom. In a third cinema, an audience wept audibly over the story of a mistreated child who commits suicide.

"You can sense a real consciousness among the artists of the African tragedy,"

## AGENDA

### Australian Yacht Sinks in Cup Race

SAN DIEGO (AP) — An America's Cup sloop from Australia sank in heavy winds and rough waves during Sunday's race. All 16 crewmembers were rescued.

It was the new yacht OneAustralia, skippered by the 1983 America's Cup winner, John Bertrand.

The 75-foot carbon-fiber sloop sank in about three minutes, a race official said. There was no immediate word on what caused the accident.

Earlier article, Page 27

### ING to Buy Barings

AMSTERDAM (Reuters) — The Dutch bank-insurer Internationale Nederlanden Groep NV said late Sunday that its bid to buy Barings PLC had been accepted. "We have just signed an agreement to buy substantially all of Barings PLC's business," said Ruud Polet, an ING spokesman.

Earlier article, Page 23

### PAGE TWO

#### Reconciling Faith and Work

### THE AMERICAS

#### Democrats Find Their Voice

### EUROPE

#### Hopes for Bosnia Are Sinking

Editorial Page 4 Books Page 6



FLYING HIGH — Picabo Street of the United States gliding to her third downhill victory in a row Sunday and her fourth of the season. Page 27.

## Dollar Appears Headed For a Month of Turmoil

### Intervention Will Fail, Analysts Say, Without Signal That Rates Will Rise

By Carl Gewirtz  
*International Herald Tribune*

PARIS — Analysts hold out little hope of any respite in the turmoil now engulfing the foreign-exchange market until at least the end of this month. In the meantime, the dollar is expected to hit record lows against the yen, the Deutsche mark and the Swiss franc, while the mark seen continuing to advance within Europe, further straining tensions in the European Monetary System.

The two events that analysis said could turn around the bearish mood on the dollar are the March 28 policy meeting of the Federal Reserve Board's Open Market Committee, which could decide to raise U.S. interest rates, and the close of the fiscal year in Japan on March 31.

The approaching close of the bookkeeping year in Japan, many analysts believe, was a major factor in the market. Although the dollar has been under pressure for weeks, it was the sharp decline against the yen on Thursday that prompted a two-day wave of unsuccessful intervention by all of the major central banks.

Japan's finance minister, Masayoshi Takemura, warned currency markets on Sunday to expect coordinated central bank intervention to stop the yen's surge against the dollar when markets reopen Monday. Reuters reported from Tokyo.

"After spending morning until night on Friday on the telephone with American and European finance ministers, we achieved a consensus among Japan, the United States and Europe that it is not desirable for the dollar to get any weaker," Mr. Takemura said.

The central banks' inability to arrest the dollar's decline so far has only added to the gloom among analysts about the near-term outlook for the currency.

"It was a triumph of hope over experience," said Stephen King, London-based analyst at James Capel & Co. "Intervention only works when backed by changes

### EU Monetary Chiefs Broker Fate of Peseta

Reuters

BRUSSELS — The European Union's monetary committee met in emergency session on Sunday to decide the fate of the Spanish peseta and Portuguese escudo, monetary sources said.

The two countries had asked the committee, made up of EU finance ministry and central bank officials, for a devaluation of their currencies, a source close to the committee said.

The monetary committee was factoring the choice of either agreeing to a devaluation of the peseta, or by linking the escudo, or deciding that both currencies should quit the exchange-rate mechanism.

in domestic policy. Until the Fed indicates it's prepared to raise interest rates, intervention is doomed to fail."

There is traditionally upward pressure on the yen at this time of year. But this time, the foreign-exchange market is awash with fears that more than seasonal factors may be at play.

Under Japanese accounting rules, companies are not required to account for foreign-exchange losses in the value of their foreign holdings as long as the decline does not exceed 15 percent. Once the loss has to be booked, however, there is no longer any incentive to hold the assets.

It has been rumored that the threshold for major institutional investors is a dollar value of 90 yen. The dollar ended last week at \$4.135 yen, and fears were running high that the Japanese were trying to limit their losses by selling and repatriating their

See DOLLAR, Page 7

## U.S. Push on Iraq Sanctions Draws Support (and Doubt)

By Julia Preston  
*Washington Post Service*

council members, have suggested that they might seek a suspension of the oil embargo as early as April.

Mrs. Albright also displayed photographic and other evidence gathered by U.S. intelligence to show that Iraq is rapidly rebuilding a huge industrial plant near Baghdad that could be used for chemical weapons. American intelligence officials estimated that Iraq could be back to building ballistic missiles within one year and chemical weapons in two if it chose.

The officials also provided evidence that Iraq has spent up to \$2 billion on palaces for government officials, at a time when basic supplies are scarce for everyday Iraqis.

But many council diplomats will continue to look for ways to keep channels open.

See IRAQ, Page 7

## A 'New' Chirac Bounces Back In French Race

By Joseph Fitchett  
*International Herald Tribune*

PARIS — Jacques Chirac says flatly that future European integration will be gradualist, with a larger hearing for British views alongside the French-German tandem that has dominated the European Union.

A month ago, this view — no matter how innovative — would have been a footnote because Mr. Chirac was widely written off as a French presidential candidate. But after a political resurrection that has

### NEWS ANALYSIS

amazed almost everyone, Mr. Chirac looks like a possible, even plausible next president. That would make him, in the French system, the decisive hand guiding the nation past the year 2000.

Of course, he may still lose in the April-May election to Prime Minister Edouard Balladur, until recently the overwhelming favorite. Mr. Chirac is the first to say that a substantial bloc of voters may not make up their minds until mid-April.

But these days Mr. Chirac looks like anything but a loser. Polls suddenly show him leading the other contenders, including Mr. Balladur and the Socialist Party's candidate, Lionel Jospin.

No one knows whether Mr. Balladur will show new mettle. But his aloof manner, as a cool master of the art of the possible, is cracking after embarrassing government gaffes, including an unseemly espionage quarrel with Washington.

In contrast, Mr. Chirac seems to have hit his public stride, particularly on television.

See CHIRAC, Page 7

| Newsstand Prices |            |
|------------------|------------|
| Arabia           | 9.00 FF    |
| Andorra          | 11.20 FF   |
| Antilles         | 11.20 FF   |
| Argentina        | 11.20 FF   |
| Cameroon         | 1,400 CFA  |
| Cameroun         | 1,400 CFA  |
| Egypt            | 1,500 FF   |
| France           | 9,000 FF   |
| Gabon            | 960 CFA    |
| Greece           | 350 Dr.    |
| Italy            | 2,600 Lira |
| Ivory Coast      | 1,120 CFA  |
| Jordan           | 1 JD       |
| Korea            | 1,400 CFA  |
| Liberia          | 1,500 CFA  |

Work and Prayer/A Religious Balancing Act

## New York's Devout Struggle to Reconcile Faith With Job

By Janny Scott  
New York Times Service

**N**EWS YORK — A Muslim taxi driver pulls over on Riverside Drive, steps out into the early evening rain spreads a prayer rug beneath the beams of his headlights, kneels, kisses the ground and begins to pray.

An Orthodox Jewish trauma surgeon on weekend call at Bellevue Hospital Center trudges up 15 flights of stairs, rather than desecrate the Sabbath by riding the elevator to the intensive care unit.

A Mormon architect spends years on the road working on giant development projects abroad, then returns home to New York to realize that he has neglected his family, the very thing his church values most.

Every day in New York City, tens of thousands of people struggle quietly to live by two separate sets of rules — the rules of their religion and the often countervailing demands of high-pressure, secular, urban life.

They are investment bankers and accountants, sidewalk vendors and politicians trying to live devout lives in a city often seen as a latter-day Sodom where ambition and opportunity conspire to corrupt the pure.

Yet in interviews, many say they find New York a strangely hospitable place, perhaps now more than ever, as openly religious people move increasingly into mainstream jobs and each wave of immigration makes the city and its myriad houses of worship more diverse.

Some say they believe New York tolerates, even accommodates, their choices in a way they could find in few other places. Others said the city's constant moral and ethical challenges actually fortified their faith.

"New York is a wonderful place to live a religious life," said Ariel Bybee, 52, a Mormon and a mezzo-soprano with the Metropolitan Opera. "The differences between good and evil are stark here. You have to make a choice."

The choices range from logistical to broadly philosophical:

• What does an ambitious summer associate in a big Manhattan law firm, who happens to be an Orthodox Jew, do for lunch when a senior partner takes him to his stuffy club and even the house salad is sprinkled with bacon bits?

• How does a Mormon who runs a television-network department that produces promotional photos for locally produced shows come up with enticing pictures for steamy soap operas without violating his moral code?

• Can a young Muslim student offered a place at Fordham Law School take out a bank loan to cover the price of her education, even though Islamic law technically prohibits the paying and collecting of interest?

Juggling principle and practicality, they muddle through. They consult rabbis, imams, priests. They make their choices, and sometimes regret them. More often than not, they say, they find life or religion bends.

Yet some conflicts cannot be resolved.

Joseph Owusu, 40, an accountant and immigrant from Ghana struggling to raise a family in the Bronx, spent \$35,000 in 1989 to buy a small grocery store on 204th Street, using personal savings and a loan from his boss.

But Mr. Owusu, a Seventh-day Adventist, decided not to sell cigarettes and beer. And, in order to spend the Sabbath in church, he took to closing up shop late Friday afternoon and not reopening until Saturday evening.

Longtime customers stopped coming. They were used to shopping at week's end, right after getting paid. Others abandoned their groceries at the checkout counter in disgust when they could no longer buy a pack of Marlboros.

"It was almost like I was helping kill the neighborhood," Mr. Owusu said sadly, re-



Raymond Settducati, a Wall Street banker, taking time to worship at Our Lady of Victory Roman Catholic Church in New York.

membering how people stopped playing dominos on the shop's stoop. After just six months, he closed the store. He had lost everything.

Moral conflict is not, of course, exclusive to religious people. Nor is New York City the only place where values are tested. But the city specializes in certain secular seductions, and most religions prescribe a rigorous moral code.

**N**EW YORK is competitive and expensive. Vice is visible and the stakes are high. People are confronted daily with conflicts between personal desires and the values by which they say they live.

Religious laws, meanwhile, can be extraordinarily detailed. Jewish law and ethics, for example, cover everything from the need for full disclosure in commercial dealings to confidentiality, inheritance and diet.

"People tend to use the competitive pressures as an excuse to do things they would otherwise not allow themselves to do," said Rabbi Saul J. Berman, an associate professor at Yeshiva University's Stern College in Manhattan, who has counseled professionals.

"But in the final event, people really have to make a choice," he said. "Do they want to conduct their lives according to some set of real values or do what is most convenient at that moment in time?"

It is one of the small, private dramas of modern life.

In New York City, the most common conflicts are logistical, stemming from the need to follow dietary rules, celebrate religious holidays, respect the Sabbath or find time to pray as often as five times a day.

Those conflicts, most said, can usually be resolved. Some marvel at how accommodating New York has become as more openly religious people have joined mainstream companies and restaurants have begun catering to specific diets.

Julius Berman, 59, a partner at the Park Avenue law firm of Kaye, Scholer, Fierman,

Hays and Handler, recalled that he was the firm's first Orthodox Jew when he went to work there in 1960.

Now, 16 members of the firm attend afternoon prayer services in his office. An advanced Talmud lecture is given Tuesday mornings in a conference room on the 19th floor; lawyers from nearby firms attend.

Sabbath observers now commonly leave the office at midafternoon on Fridays in the winter. And Mr.

Food too, is less and less of a problem.

When Abraham Biderman, a former city housing commissioner who is now an investment banker, led a delegation to Tokyo, he simply arranged through a kosher caterer to take along boxes of kosher airline meals packed in dry ice.

He also took 20 pounds of kosher pastrami, corned beef and rugelach. "When everyone else got sick of sushi and what looked like boiled water bugs, they would be coming to my room and eating pastrami," he said.

There are conflicts, however, of a subtler and murkier sort that many say are less susceptible to satisfactory resolution, pitting one deeply held value against another and dividing people within themselves.

**A**MAL Aly, 27, is one of two twin daughters of Muslim parents who emigrated from Egypt. She grew up in Flatbush and Canarsie, torn in her loyalty to strict Muslim values and to a more American way of life.

Shorts were forbidden, except in gym class. She could not play in the street or go on dates. She stayed inside, reading or watching television. On car trips, she remembers her father stopping at highway rest areas to pray.

Ms. Aly's parents believed strongly in education. She went to New York University, then Fordham Law School. But when she violated Muslim tradition by moving out of her parents' house while unmarried, they balked.

Dr. Greenstein never works, however, on the major Jewish holidays. Yet when Orthodox Jewish patients ask if they should take medications while fasting on Yom Kippur, he tells them yes, but without food and with minimal fluids.

For a long time, her father refused to visit her apartment. Now, however, they are reconciled. Ms. Aly is now married to a Muslim physician (whom she met through her job in a predominantly Jewish, midtown Manhattan law firm).

"It has been very difficult," Ms. Aly said. "But all of that is behind us."

Tony Yamada, 54, an architect and developer and a member of the Church of Jesus Christ of Latter-Day Saints, said he has wrestled for years with the friction between his Mormon values and the demands of his work in an often cutthroat field.

"Business is very competitive, especially in New York," said Mr. Yamada, who lives in Manhattan. "Cheat a little, lie a little are sort of accepted norms, which are absolutely against my church's philosophy."

**F**OR many years, he also spent long periods abroad, though his faith places the family at the center of life.

In putting his work first, he believes, he earned his wife's resentment and alienated his children.

But his work excited him, "creating new things from nothing." And he feared that cutting back would hurt his career. "That's why I sacrificed my family," he said. "I hate to admit it, but I don't think I had to."

Dr. Stuart Mark Greenstein, a transplant surgeon at Montefiore Medical Center in the Bronx and an Orthodox Jew, said he had long felt comfortable living with the ambiguities raised by his work and religion.

He chooses to work on the Sabbath if he is needed, on the principle that saving life takes precedence over all else. He drives to and from work, but parks outside his garage to avoid using the electric garage door opener.

Dr. Greenstein never works, however, on the major Jewish holidays. Yet when Orthodox Jewish patients ask if they should take medications while fasting on Yom Kippur, he tells them yes, but without food and with minimal fluids.

## Morocco Meddling

### In Sahara, UN Says

Rabat Is Said to Try to Retain Hold on Ex-Spanish Colony

By Chris Hedges  
New York Times Service

from Washington. Mr. Ruddy left at the end of last year, shortly before his term was up, after bitter disputes with his superiors at the mission.

"The mission had become, by the time I left, an instrument of the Moroccan government," he said. "The Moroccans in the Western Sahara intimidated the local inhabitants, who were afraid to contact us because of fear of retaliation. It doesn't matter what results come out of the referendum. The Moroccan government will never leave the Western Sahara."

Moroccan government officials say that Morocco is trying to control the outcome of the vote and to maintain its hold on the area.

"These charges are absolutely false," said Cheikh Larouci, of the Information Ministry.

"The people who say these kinds of things are working on behalf of the Polisario to destroy the work and credibility of the United Nations."

A senior UN official in the Western Sahara acknowledged that the problem exists.

"We don't know the extent of the problem, because we don't have direct access to the people on either side," the official said.

Eric Jensen, chairman of the UN commission that is registering voters for the referendum, defended the process, saying it had required compromises by both sides and would eventually help solve the dispute.

The Moroccan government has invested hundreds of millions of dollars in local infrastructure.

Morocco's interference in the referendum raises serious questions about its willingness to abide by the results. But the UN is pressing forward, feeling that the vote is the only chance to resolve the region's status.

"The UN has lost control of the mission," Frank S. Ruddy, the former deputy chairman of the UN commission charged with setting up the referendum, said in a telephone interview.

## TRAVEL UPDATE

### Alitalia Pilots Striking This Week

ROME (AP) — Pilots of Italy's national carrier, Alitalia, will hold 24-hour strikes on Monday and Friday over a staffing and salary dispute; unions announced. Pilots belonging to the ANPAC union will strike on Monday from 11 A.M., while their colleagues in the APIA union will take industrial action from 10 A.M. on Friday, the unions said in a statement.

The pilots are protesting the hiring last month by Alitalia of two planes and crews of the Australian carrier Ansett as a cost-cutting measure. They are also pressuring for an annual pay increase of 24 million lire (\$16,000).

Alitalia expressed its "bitterness" on Saturday at the strike announcement, which came two days before a scheduled meeting between workers' representatives and the ministers of employment and transport, Tiziano Treu and Giovanni Caravale.

South African Airways began scheduled flights to India on Saturday. The inaugural flight landed in the western port city of Bombay, the Press Trust of India said. The service will link Johannesburg and Bombay on Saturdays and Tuesdays. (AP)

Belgium warned its citizens on Sunday not to go to Algeria and advised extreme caution for Belgians there after the Armed Islamic Group threatened Brussels with reprisals for breaking up an Islamist network. About 300 Belgians live and work in Algeria. (Reuters)

### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

**MONDAY:** Bulgaria, Cyprus, Greece.

**TUESDAY:** Azerbaijan, Belarus, Burkina Faso, Georgia, Kyrgyzstan, Liberia, Moldova, Mongolia, Russia, Syria, Tajikistan, Turkmenistan, Uganda.

**THURSDAY:** Belize.

Sources: J.P. Morgan, Reuters.

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## Once Feared, Lyon's Mosque Emerges as Symbol of Tolerance

By William Drozdiak  
Washington Post Service

**L**YON — When a gleaming white edifice known as the Grand Mosque opened its doors last September on the eastern edge of this staunchly Catholic city, fear and resentment were running strong among much of the local population.

The extreme-right National

Front was agitating for "active resistance against the danger of Islamic colonization." Neighbors argued in court that the minarets were too tall and the muezzin's calls to prayer would be too loud. Much of Lyon worried whether the mosque would become a breeding ground for Muslim militants.

But only five months after its inauguration, the Grand Mosque has emerged as a popular symbol of reconciliation among France's different religions and ethnic groups. And as Lyon's leading personalities joined in celebrating the end of Ramadan's month of fasting with local Muslims last week, nobody was prouder of the mosque's healing power than Abdellahim Chirane.

"The protests have completely disappeared because we have shown that French Islam can be a force for moderation and inte-

gration," said Mr. Chirane, the Algerian-born grand mufti of Lyon's Muslim community.

"It is hard for France to embrace Islam because previous waves of immigrants were mainly Christian," he added. "But we are now on the way to becoming part of the culture."

The mayor's office confirmed that neighborhood complaints about the mosque had stopped.

Now that the \$5 million Lyon mosque, built with a grant from Saudi Arabia's King Fahd, has become what Mr. Chirane calls "the primary address" of French Muslims after 17 years of vehement local opposition, he wants to move more quickly to establish French Islam through the construction of more mosques, cemeteries, schools and slaughterhouses.

In January, the French government officially recognized Islam as the country's second

biggest religion, a status that allows Muslim organizations to qualify along with Catholics and Jews for state stipends. But despite such formal acceptance, the public's willingness to embrace Islam as an integral part of French culture remains fraught with suspicion.

Algeria's civil strife continues to fuel anxiety that France could be destabilized by an Islamic takeover in its former colony. There are strong fears of grave social disturbances if the community of 4 million Muslims living in France swell with a large wave of North African refugees.

In November, the French Interior Ministry arrested 95 Islamic militants suspected of supplying weapons to Algerian Muslim extremists who are waging a bitter underground war against the army-backed government.

While the French government views militant Islam as

one of the nation's main security threats, Paris also recognizes the need to channel the religious beliefs of the country's Muslims into a tolerant strain that can coexist with other faiths in a secular political democracy.

"The tree of fundamentalism must not hide the forest of moderate, tolerant and discreet Islam," Interior Minister Charles Fiterman said at the mosque's inauguration.

**■ German Mosque Opens**

Thousands of mostly Turkish worshippers gathered in Mannheim for the inauguration of Germany's largest mosque, Agence France-Presse reported. Osman Ozay, president of Mannheim's Islamic Federation, said the mosque's completion was an important step toward the integration of Turks into German society.

### ACCESS NUMBERS FOR COUNTRIES

| COUNTRIES          | ACCESS NUMBERS    | COUNTRIES           | ACCESS NUMBERS | COUNTRIES     | ACCESS NUMBERS |
|--------------------|-------------------|---------------------|----------------|---------------|----------------|
| American Samoa     | 633-1096          | Cyprus + 35         | 080-902-021    | Iceland +     | 1-800-255-2000 |
| Antigua (radios)   | #0                | Czech Republic + 42 | 0042-987-157   | Ireland +     | 177-703-2727   |
| Argentina          | 1-800-366-4663    | Denmark +           | 900-1-0877     | Italy +       | 727-4877       |
| Armenia            | 00-1-800-777-1111 | Ecuador +           | 1-800-31-7277  | Japan (KDD) + | 1-800-55-5777  |
| Australia (Tele) + | 8-10-128          | El Salvador +       | 171            |               |                |

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## On Capitol Hill, the Fiscal Battle Lines Are Drawn at Last

By Robin Toner  
New York Times Service

**WASHINGTON** — From the committee rooms of the House to the floor of the Senate, there was a clear sense on Capitol Hill last week that the battle over the nation's fiscal and spending priorities was fully joined.

After two months when the Republicans seemed to dominate the political agenda almost effortlessly, the Democrats are finding their voice as a minority party.

They realized almost warily that they could win one, on occasion, with the Senate's rejection of a constitutional amendment to require a balanced budget, although the Republicans immediately moved to blunt that victory.

And the underlying terrain is changing: The Republican leadership is headed inexorably toward a series of spending and budgetary decisions that they acknowledge will be hard, a test

of the unity they have shown on other, more politically palatable issues.

"As we look over the next four weeks, I expect that the rhetoric will be much higher, the issues more difficult," Representative John Boehner, chairman of the House Republican Conference, said in an interview. "But we'll continue to succeed."

The two parties, in short, are entering one of those periods in congressional politics — like last year's struggle over health care, or the 1993 battle over President Bill Clinton's budget — where lines are drawn and images defined.

Added to the mix is an array of groups that are mobilizing to protect themselves as these cuts begin, a process already under way in the House Appropriations Committee but soon to be engaged on a much broader scale in the main budget and tax-writing committees of the House and Senate. The debate on Capitol Hill will no

longer simply be about broad — and hard to oppose — goals, such as putting the country on a "glide path" to a balanced budget or "fundamentally transforming" Medicare. The fight is getting down to specifics — and it is getting bitter.

Raley Harbour, chairman of the Republican National Committee, said: "The people who have been at the trough for 40 years, who's had on the Democratic feed bag — we don't expect them to take it off voluntarily. We expect the left to be very shrill and emotional in their opposition to savings, to making government smaller and more effective. And we expect them to distort."

Senator Christopher Dodd of Connecticut, Mr. Harbour's counterpart at the Democratic National Committee, said: "To their regret, they now don't have the cover of a constitutional amendment to propose the Draconian cuts they want to make in Medicare

and in children's programs. They've taken defense spending off the table. Farm issues will probably get taken off the table. They've painted themselves into a corner in many ways."

The debate is evocative, in some ways, of the struggles over budget cuts in the first years of the Reagan administration, but it is colored by each party's experience in the intervening years.

Republicans, this time, are determined to protect themselves from the charge of being hard-hearted; Democrats, this time, are intent on avoiding the charge of being spendthrifts.

Republicans regularly invoke their children and grandchildren these days when they talk about the need to rein in federal spending and bring down the deficit.

"The liberals will focus on the pain today as we look at balancing the budget," Mr. Boehner said. "What we've got to do is rivet the American people's

attention on who the balanced-budget amendment really affects, and that's our children and grandchildren."

Frank Luntz, a pollster and adviser to the House Republicans, warned in a internal memorandum earlier this year: "The moral force for balancing the budget must be stronger than the pseudo-moralists who will decry the specific budget cuts."

Mr. Luntz's memo said, "We must match our opponents story for story — the personal and national immorality of passing along increasing debt to our children and future generations versus their budget-cutting horror stories."

The Democrats are escalating their campaign against the Republicans as a party intent on financing tax cuts for the affluent through spending cuts on programs for children and the elderly. Mr. Clinton used his radio address on Saturday, for example, to focus on drug-prevention programs for children and adolescents.

### POLITICAL NOTES

#### Holdout Offered to Quit the Senate

**WASHINGTON** — Senator Mark O. Hatfield of Oregon, the only Republican to vote against the balanced budget amendment when it fell one vote short of passing the Senate last week, offered to resign before the vote, Senator Bob Dole said Sunday.

Although Mr. Dole, the Republican leader in the Senate, said he had turned the offer down, he did not rule out punishing Mr. Hatfield by taking away his committee chairmanship. Mr. Hatfield's resignation from the Senate would have allowed the constitutional amendment requiring a balanced federal budget to pass with the required approval of two-thirds of those voting.

"He told me he would resign before the vote if that would make it possible to win with 66 votes instead of 67," Mr. Dole said in a television interview. "I said, 'That's not an option, Mark, that's not an option.'"

Mr. Hatfield voted in favor of a balanced budget amendment in 1982, but last week he called the amendment a "procedural gimmick" that gave no indication of how Congress would bring the budget into balance.

Mr. Dole said he expected to be asked to punish Mr. Hatfield by removing him as chairman of the Senate Appropriations Committee, one of the most powerful assignments in the Senate.

"I've been told by at least one Republican senator that there's a lot of frustration, a lot of newer members and others who feel that, you know, this ought to be examined," he said.

"Will there be some punishment?" "It's difficult to do in the Senate," said Mr. Dole, who added that he had not made any judgment on the matter. (NYT)

#### Clinton Organizes Early for 1996

**WASHINGTON** — As a string of Republicans line up to challenge him, President Bill Clinton's direct preparations for re-election have been mostly financial: signing on a chief fund-raiser, drafting a fund-raising plan and arranging for a re-election committee to open for business by May.

History suggests that early preparations by presidents do little to ensure re-election. President Jimmy Carter had a re-election operation in place by March 1979. Weakened by a primary challenge and poor economy, he lost. Presidents Ronald Reagan and George Bush settled on October the year before election to open their formal campaigns. Mr. Reagan won; Mr. Bush, weakened by a primary challenge and an economy just emerging from a recession, lost.

Historically, Mr. Clinton is starting early, with the White House deputy chief of staff, Harold Ickes, overseeing the preparations. But with the exception of fund-raising plans, these preparations are a minor part of the season's major effort.

"Our political goal for the next month is not who's going to do what in the campaign, it is ready to continue to define what we are about, compared to what they are about," said a senior official. "There has been an awful lot of criticism that no one knows what we stand for. The overall imperative is to sharpen the definition by what fights this president takes on." (WP)

#### Food Stamp Cuts Choked in House

**WASHINGTON** — Republicans in the House of Representatives have crafted legislation that would reduce spending on the food stamp program by \$16 billion over the next five years as part of the party's effort to redo the nation's welfare programs, according to House Republican documents.

The savings, which would average more than \$3 billion a year for five years in a program that annually provides \$23 billion in benefits to 27 million people, would come from such steps as tightening eligibility, cracking down on fraud and eliminating some planned increases tied to the cost of food, according to documents obtained by The Washington Post.

Currently, a family of three is eligible to receive food coupons if the family's monthly income is \$1,027 or less. The House Republican proposal would require the secretary of agriculture to advise Congress every three months on what the department was doing to keep expenditures within appropriated limits.

If they have no dependents, able-bodied food stamp recipients between ages of 18 and 50 would be required to work or lose benefits after three months, according to the documents. The House Agriculture Committee is scheduled on Tuesday to prepare the food stamp legislation for submission to the House floor. (WP)

#### Reagan's Wife Recalls Better Days

**WASHINGTON** — Former President Reagan is doing "fine" since his diagnosis of Alzheimer's disease, although the mind-crippling illness is wrenching for his wife, the former first lady has said.

In a CNN interview, Nancy Reagan would not elaborate on her husband's physical condition. But, "there've been better" days, she said.

Asked if Alzheimer's was harder on loved ones than patients, Mrs. Reagan responded: "That's true." And, reflecting on the joys of her life, she added: "You pay for everything, don't you?"

Mr. Reagan, 84, disclosed in November that he was in the early stages of Alzheimer's, an incurable neurological disorder that destroys brain cells, resulting in progressive memory loss.

Mrs. Reagan spent the interview on Saturday reviewing her husband's life through displays in the Reagan presidential library in Simi Valley, California. She also pointed out the couple's burial plot. Her husband liked the location, she said.

"I think he'll be very happy there," Mrs. Reagan said. "I mean, the view is pretty." (AP)

#### Quote/Unquote

Representative Jim Brownback, Republican of Kansas, after his discovery that Congress employs what he called an "esthetician" along with a barber, who provides facials for people in the Capitol: "The last thing Congress needs is another facial." I mean, Congress doesn't need a facial; it needs a fire hose." (NYT)

## Simpson Lawyers Punished for Tape

### Fines End a Bizarre Episode

By David Margolick  
New York Times Service

**LOS ANGELES** — A bizarre episode in the O.J. Simpson trial has ended, at least temporarily, with Judge Lance A. Ito punishing two defense lawyers for withholding from prosecutors an audiotaped interview with Rosa Lopez, an important defense witness.

Judge Ito fined the lawyers — Johnnie L. Cochran Jr. and Carl Douglas — \$950 each for failing to give to prosecutors the recording, in which Mrs. Lopez was questioned last summer about the night when Mr. Simpson's Bronco, parked slightly askew, outside his home shortly after 10 P.M. on June 12.

But he would not say whether the defense planned to play for the jury Mrs. Lopez's contradictory testimony, a risky maneuver even before Judge Ito's ruling that an admonition would be attached.

The prosecution, which had spent two days challenging the precise time when Mrs. Lopez said she saw Mr. Simpson's Bronco, tried Friday to show that she remained so close to her home that night that she could not possibly have seen the car at all.

Before concluding her testimony — and returning to El Salvador because of what she described as harassment by the press — Mrs. Lopez retraced the path she took shortly after 10 P.M., when she took her employer's dog out for a walk.

By focusing on Mrs. Lopez's various phobias — of the darkness, of snakes and rats, and of a prowler she thought she had just heard — Deputy District Attorney Christopher A. Darden tried to show that she had not left her ivy-enclosed yard and so would not have been able to see the Bronco.

In the afternoon as her testimony was concluded, Mr. Cochran set out to rehabilitate Mrs. Lopez. Under his gentle questioning, she maintained that she had seen Mr. Simpson's Bronco.

"You may consider the effect of this delay in disclosure, if any, upon the credibility of the



TOUR OF INSPECTION — Cameron Gravelle, age 2, looking for his father in the ranks of the Canadian Airborne Regiment. The regiment was parading for the last time before being disbanded at its base in Petawawa, Ontario.

## Citing Risk, U.S. Curbs a Takeoff Practice

By Don Phillips  
Washington Post Service

**WASHINGTON** — The Federal Aviation Administration has issued an emergency order banning a commonly used air traffic control practice that expedited takeoffs from busy airports. The order came after five potentially disastrous incidents in as many months.

The directive may produce delays at some major airports during nighttime hours, particularly at airports such as Memphis, which has a heavy night schedule as a hub for Federal Express.

The order prohibits air traffic controllers from allowing planes to taxi onto an active

runway between sunset and sunrise and then hold there until they are cleared for takeoff.

The practice of taxi-and-hold allows air traffic controllers to push more planes into the air during busy periods. The departing plane is ready to go the instant it receives takeoff clearance instead of using several seconds to pull from a taxiway onto the runway.

Bill Jeffers, the board's air traffic manager, called the action "drastic," but said it was required because of several close calls in recent months in which planes directed to hold on a runway were overflown by a landing aircraft using the same runway.

The most recent incident, which sparked an investigation by the National Transportation Safety Board and led to the board order, occurred a week ago at the Dallas-Fort Worth airport when an American Airlines jetliner flew over a 19-seat Lone Star Airlines commuter plane.

The 8:53 P.M. incident involved a McDonnell Douglas MD-11 jumbo jet. American Airlines flight 2351 from Chicago, which can carry 250 people but was lightly loaded with 58 passengers and 10 crew members.

Investigators determined the turboprop had been directed to the runway by an air traffic controller who then forgot it was there. Thirty-three people were killed.

Controllers will still be allowed to use the taxi-and-hold procedure during daylight hours.

In addition to the nighttime ban, the board ordered a review of air traffic controller training.

Mr. Jeffers said that since September of last year there

have been four similar incidents, three of which came at night. He did not identify the other incidents.

The practice came under attack after a 1991 crash at Los Angeles International Airport when a USAir Boeing 737 landed atop a small turboprop that was awaiting takeoff.

Investigators determined the turboprop had been directed to the runway by an air traffic controller who then forgot it was there. Thirty-three people were killed.

Controllers will still be allowed to use the taxi-and-hold procedure during daylight hours.

In addition to the nighttime ban, the board ordered a review of air traffic controller training.

## Ex-Investigator of Killing In Mexico Detained by U.S.

By Tim Golden  
New York Times Service

**MEXICO CITY** — The former chief investigator into a politically charged assassination case in Mexico is being held by federal authorities in the United States after being arrested in Newark, New Jersey, as he boarded a plane for Madrid with nearly \$50,000 in cash.

The former official, Mario Ruiz Massieu, was detained late Friday by customs agents at Newark International Airport for having falsely claimed to be carrying only \$18,000 in Mexican and U.S. currency.

Two senior Mexican officials said Saturday that the arrest came after the Mexican government alerted U.S. officials to the movements of Mr. Ruiz Massieu, 44.

They said he would be charged with obstructing his own investigation into the slaying in September of the second-ranking leader of Mexico's governing party, José Francisco

## AMERICAN TOPICS

### Campus Codes on Hate Speech Are Losing Out to Free Speech

Less than a decade after rules banning offensive words began cropping up at U.S. colleges and universities across America, the brief reign of these campus speech codes appears to be drawing to a close.

A county court ruling last month declaring Stanford University's ban on hate speech unconstitutional is the latest in a string of legal setbacks for such codes.

The court decisions, and derivative attacks by critics of campus "thought police," are spurring colleges to scrap or retool rules that may run afoul of the First Amendment protecting free speech.

The Stanford decision was the latest in a series of rulings that have struck down speech codes across the country. It "is the final nail in the coffin," said Sheldon Steinbach, general counsel for the American Council on Education, which represents 1,700 colleges and universities.

Campus wars over race and gender have hardly died down. But speech codes make martyrs of loudmouthed boors,

and leave other students fearful of making a race or gender faux pas.

"If you're fearful that somehow you will misspeak," Mr. Steinbach said, "you wind up avoiding the very people you need to get to know."

#### Short Takes

If you don't want to drink red wine to keep your arteries unclogged, drink plenty of grape juice instead, advises a University of Wisconsin Medical School research team headed by Dr. John Folts. He said that numerous studies over 30 years had shown that moderate alcohol consumption reduces atherosclerosis, the buildup of cholesterol and fats within artery walls. Researchers said the protection comes not from alcohol but from naturally occurring compounds in grape skins, stems and seeds. Dr. Folts said drinking six glasses of grape juice a day appears to have the same anti-clogging effects as two glasses of red wine.

Two teachers speaking in sign language coaxed down a deaf man threatening to jump off a 20-story building in New York, the police said. After the 31-year-old man was spotted on the roof and it became plain he could not hear shouted remonstrances, two teachers from a nearby school for the deaf relayed messages between him and the police. Nobody was injured.

A Boston doctor who felt his heart racing dangerously zapped himself with

his office defibrillator to jolt it back to normal. The New England Journal of Medicine reports that Dr. Jean Cukier, a plastic surgeon, accidentally shocked himself while trying to fix a lamp in his office. He grew dizzy and felt his heart beat rapidly.

Worried he was about to pass out, he smeared himself with conducting jelly, placed the defibrillator paddles on his chest and turned the thing on. The first jolt threw him off the table but failed to fix his heart. He climbed back and tried again. This time it worked.

Dr. Amit H. Karim, who eventually treated Dr. Cukier, said he probably would have been better off calling for an ambulance. "What if he had passed out?" Dr. Karim said. "He could have put himself into a more dangerous rhythm. If that had happened, it would have meant cardiac arrest."

The U.S. Army is moving out of the Presidio, the 1,480-acre (600-hectare) San Francisco base guarding the Golden Gate, and the National Park Service is moving in. Established in 1776, the Presidio was the westernmost garrison in the Spanish empire. The newly independent Republic of Mexico took it over in 1822, and the Americans occupied it in 1847. Under all three flags, the bluffs were ringed with cannon, but in 219 years, The New York Times notes, the guns were never fired in anger.

## EDITORIALS/OPIION

## International Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Russia's Leader, for Now

## Yeltsin in Perspective

When the Soviet leader Mikhail Gorbachev found Communist Party member Boris Yeltsin too mercurial for his taste, he bounced him from the ruling Politburo. Although some in Washington seem to wish otherwise, President Bill Clinton does not have that kind of option available as he tries to keep relations with President Boris Yeltsin on an even track. But there is more that the Clinton administration can and should do to talk bluntly with Mr. Yeltsin about misguided policies that are turning Russia away from reform.

President Yeltsin has not looked so attractive lately. His brutish offensive in Chechnya is a political and military disaster. He has cut loose reformist advisers and embraced a clique of military and internal security aides pushing repressive policies at home and a Soviet-style agenda abroad. His health is deteriorating or his drinking increasing.

The temptation to turn sharply away from Mr. Yeltsin and deal with other Russians is understandable, but mistaken. The United States worked with far less appealing Soviet leaders when American vital interests were at stake, as they are today in the preservation of political and economic reform in Russia, and the dismantling of Moscow's nuclear arsenal. Washington needs to find a formula that keeps Mr. Yeltsin at the center of relations, where he must remain as the democratically elected leader of Russia, while not making the United States his cheerleader. That means engaging him in an honest dialogue about his leadership, not disengaging from his presidency. It is a difficult balancing act. The partisan beat of the American presidential campaign will not make it any easier.

President Clinton got the balance right in his news conference on Friday, saying that he would freely criticize but not shun

Mr. Yeltsin. His administration has not always done so. While criticizing the Chechen war, it has stuck doggedly by Mr. Yeltsin in recent weeks, cheering him on as the guardian angel of reform despite his increasingly tarnished record.

This is not time to canonize Mr. Yeltsin or to suggest that he holds exclusive title to reform in Russia. That makes the Clinton team look credulous, and undermines its defense of indispensable programs like the American aid that helps Russia deactivate and destroy its nuclear weapons.

Bob Dole, the Senate Republican leader and presidential candidate, may lean too far the other way. He called last week for distancing the United States from Mr. Yeltsin, without specifying how to accomplish that or describing the potential consequences.

Like Mr. Dole, we have argued that Washington must not lock itself in a bear hug with Mr. Yeltsin the way it did with Mr. Gorbachev when his leadership was increasingly ephemeral. But keeping Mr. Yeltsin in perspective, and keeping lines open to reform leaders, is different from cutting Mr. Yeltsin out of the picture. Mr. Clinton does not have the luxury of bypassing Mr. Yeltsin to deal with others he might prefer.

Another generation of reformers is waiting to pick up the work that Mr. Yeltsin started, like former Prime Minister Yegor Gaidar and the economist Grigori Yavlinsky. There are also politicians like Vladimir Zhirinovsky and generals like Alexander Lebed eager to turn back the changes already transforming Russia.

Writing off Mr. Yeltsin can only be taken as an effort by Washington to tinker with volatile political dynamics in Moscow, and is sure to backfire. If Russians are as unhappy with Mr. Yeltsin as opinion polls show, they will elect another president next year. That is their choice, not Washington's.

—THE NEW YORK TIMES.

The United States cannot fail to support democratic legitimacy in Russia to the full extent that Russians practice it.

Mr. Yeltsin needn't be further coddled. Disappointingly, Mr. Clinton, having just promised on Friday to address differences followed up by expressing sympathy not for Russia's victims in Chechnya but for Mr. Yeltsin's "difficult problem" there. Nonetheless, easy advice to butt out of Moscow's political struggles — by critics suggest, turning off or even rescinding American aid — founders on the fact that such a strategy would itself constitute gross interference. It would be exceedingly chancy, too.

American officials have been quoted as saying that the West should look for an alternative leader. Mr. Clinton was at pains to take his distance from these reports on Friday and to deny that he had a "Yeltsin-centered policy," and for a good reason. Given their sensitivity to suspected foreign intrusions, Russians should not unnecessarily be made to feel that they are being crowded.

But Russian pride does not preclude Washington from tough and fair criticism of Russian error. Nor does it keep Washington from expecting Russia to clean up its Chechnya act in order to make it possible for Mr. Clinton to accept its summit invitation in May. It does require Washington to make constantly clear that Russia's errors are Russia's to correct, and its fate Russia's to design.

—THE NEW YORK TIMES.

## A Job for South Africans

Winnie Mandela, the estranged wife of South Africa's president, Nelson Mandela, is charged by police with defrauding four impoverished black communities. The continuing descent of this former heroine of the anti-apartheid struggle is an individual tragedy, not a metaphor for the larger story of the African National Congress in power. Still, corruption is a serious problem in South Africa, from bribe-seeking police and customs agents to the kickbacks sought from businesses by lawmakers trading off old ANC connections. So far there is no evidence directly implicating top officials of the new government, a favorable contrast with the last years of white rule.

But relative virtue is not good enough. If fickle international investors are to be attracted to South Africa, and poverty is to be mitigated and adequate public services provided, the Mandela government and the ANC leadership must not tolerate official corruption. Past sacrifices made on behalf of the anti-apartheid movement cannot be a license to loot the public trust. The latest moves against Mrs. Mandela, like the forced withdrawal from a diplomatic posting of another renowned

anti-apartheid leader, Allan Boesak, help convey that message. But a more systematic campaign is needed before a culture of corruption becomes entrenched. American businesses that left South Africa to protest apartheid and now seek to return can help by resisting the offers of those who would throw deals their way.

President Mandela's moral authority makes his participation essential to an anti-corruption campaign. He has already charted the rhetorical foundations for such an effort with two stern and powerful speeches.

As with many other areas of day-to-day management, much depends not just on Mr. Mandela but also on his second in command and potential successor, Deputy President Thabo Mbeki. Mr. Mbeki has not yet publicly given the corruption issue the high priority it deserves. An alarmed South African public, including honest ANC militants and members of the local business community, are urging him to take up this important fight. The Clinton administration and American businesses should join their voices to this righteous South African chorus.

—THE NEW YORK TIMES.

## Remembering Stalinist Boots on the Staircase at Night

By Adam Hochschild

**WASHINGTON** — In Russia, Sunday was not an official holiday, and it was not the birthday of anyone famous. But millions of people throughout the entire former Soviet Union drank a vodka toast Sunday night. They celebrate on every March 5. It's the day Stalin died.

In his last hours on March 5, 1953, Stalin paid the price for the fear he inspired. After suffering a cerebral hemorrhage alone in his bedroom, the dying dictator lay unattended the entire next day. No one dared open the door and go in. Maids, guards, doctors and even cabinet ministers were too terrified to enter without permission.

Stalin was absolute ruler for some 25 years. Unlike Mao Tse-tung, he shared power with no one. Unlike Hitler and Mussolini, he died in office.

Unlike any of them, and to the dismay of Russia's beleaguered democrats, he is regaining popularity. In a recent Russian opinion poll, he won a higher approval rating than Mikhail Gorbachev.

Most historians now blame Stalin for the deaths of some 20 million people. Some were shot, some starved in man-made famines. Some never returned from the immense network of prison camps. Few families were untouched.

"The arrests had one unique feature — the sound of boots booming up the staircase," recalls Alexander Michalov, a Moscow journalist whose father spent years in the gulag. "When the secret policemen climbed the stairs, the tenants racked their brains trying to figure out where they were headed. Would they stop one flight higher? Or lower?"

When an entire era was defined by

those midnight boots on the staircase, why today do some Russians carry Stalin's picture at protest marches and yearn for the good old days when he was in charge?

In any country, declining income and a bummed-out national pride can make people nostalgic for a glorious past. It is the myth of the Great Yesterday, as the Polish writer Ryszard Kapuscinski says. Hitler's followers were fuelled by the Great Yesterday, as are, in part, many Muslim fundamentalists. The Russians' Great Yesterday is sometimes Stalin's era, demonstrations, portraits of Stalin and Nicholas II occasionally appear in the same crowd.

Whenever Great Yesterday an angry Russian chooses, it looks better than today. The country's economy began unravelling in the late 1980s, and no end is in sight. In 1991 the entire Soviet Union vanished as quickly and mysteriously as a puff of smoke. And now Russia has become trapped in a humiliating quagmire in Chechnya. The army may face years of ongoing guerrilla attacks from the Chechens, and perhaps from other unhappy ethnic groups in the Caucasus as well.

The Soviets inherited their huge, restless, multiethnic empire from the czars, and this is not the first time that armed rebellions have shaken it. The Red Army put down nationalist guerrillas in Central Asia in the late 1920s and in the Ukraine and the Baltics in the late 1940s, and rebelling gulag inmates in the early 1950s.

The difference, of course, is that those earlier conflicts were out of sight. There

were no objections from human rights do-gooders abroad and from soldiers' mothers at home. There were no television cameras to record the army's embarrassing blunders and losses. And so millions of conservative, older-generation Russians recall the Stalin years as a time of glory. The Red Army won every battle. There was order. The trains ran on time. Newspapers were full of good news. No protesters spoiled the parades.

If, by any chance, anyone did protest, or even thought of protesting, Stalin acted swiftly. After all, he exiled the entire Chechen people to Siberia, en masse, for allegedly collaborating with the Germans. Stalin wore a Soviet marshal's uniform but acted more like an ancient despot. If someone looked suspicious, then off with his head. If a whole ethnic group looked suspicious, deport them all.

Unfortunately, this kind of simplistic thinking has dangerously wide appeal in Russia today. For hundreds of years, Russians have had no experience with the necessary awkwardness of democracy, which is, after all, a disorderly and inglorious business, filled with argument and painful compromises. The deeper Russia slides into economic and ethnic chaos, the greater the nostalgia for the old days. We will see many more of those demonstrations carrying Stalin's portrait.

More dangerous yet is the rising influence of hard-liners in the military and security forces who are politic enough not to carry his portrait, but who nonetheless appeal to the Great Yesterday nostalgia. Back then they say, there was order, food on the shelves, respect for authority — and a far wider set of nation-

al boundaries. Recurrent rumors of a military强人 seizing power sweep the capital. The main thing delaying a coup, many Russians feel, is that the military has no clearer idea of how to fix the economy than anyone else.

The current favorite of the get-tough neo-Stalinists is the charismatic Lieutenant General Alexander Lebed, who several weeks ago called on Boris Yeltsin to resign. General Lebed says he would take power only by constitutional means — but he has repeatedly praised someone without such scruples — Chile's General Augusto Pinochet.

"What's wrong with a military dictator?" General Lebed asked a British correspondent a few months ago. "In all of its history, Russia has prospered under the strictest control. Consider Ivan the Terrible, Peter the Great, Catherine the Great or Stalin."

Despite such talk, many wiser Russians celebrated on Sunday. Tens of thousands of survivors of Stalin's labor camps are still alive, as are millions more of their children who remember those boots on the staircase.

"I still regard March 5 as a holiday," says Lev Razgon, a Moscow writer who was in an Arctic gulag camp when Stalin died. "Beginning with the first day. We chipped in: it was two hundred rubles plus 10 cans of meat, and for that a guard bought us a bottle of vodka . . ."

Mr. Hochschild's book *"The Unquiet Ghost: Russians Remember Stalin"* appears in paperback this month from Penguin. He contributed this comment to *The Washington Post*.

## It Isn't True That Americans Have Renounced a Role in the World

By Thomas L. Friedman

**WASHINGTON** — Bob Dole remarked the other day that voters sent Washington a "loud and clear" message last November but no one is quite sure what the precise message was. That is particularly true in foreign policy.

Yet, despite the absence of any clear foreign policy mandate, the Republicans (and many Democrats) have simply assumed that the public wants to shrink America's role in the world, along with shrinking the federal government. They are wrong. The American people are not nearly as isolationist as the moronic politicians who speak in their name.

The Chicago Council on Foreign Relations has been tracking American attitudes on foreign policy since 1974. Its latest poll, conducted by Gallup and released on Sunday, shows 65 percent of those surveyed saying the United States should "take an active part" in world affairs rather than "stay out." That is up from the 1980s.

The poll shows that the public also wants to avoid unnecessary entanglements abroad, yet about half the respondents believe that the United States plays a more important role in the world today than it

did a decade earlier — the highest number ever recorded by these surveys.

Fifty-one percent said "strengthening the UN" should be a "very important" goal of foreign policy (up seven points since 1990), which suggests that the U.S. public is still ready to shoulder burdens of internationalism but doesn't want to do it alone.

There are some loud and clear messages in those numbers.

For Republicans, the message is that you have become lazy in foreign policy. For two years all you had to say was "Clinton foreign policy" and everybody laughed, as if the joke were obvious (which at times it was). Now that the Republicans are back in power in Congress, what is obvious is how little fresh thinking they have actually done beyond those three words.

Newt Gingrich and Bob Dole have been playing a double game. They use "UN" and "Boutros Ghali" as four-letter words when they want to appeal to Republican isolationists without high school degrees, and then call for Mexico bailouts when

they want to appeal to Republican internationalists with Wall Street portfolios.

But the Mexico bailout failed in Congress because you cannot summon a constituency for internationalism with the snap of a finger. You need to nurture it all the time, and that is hard to do when speaking out of both sides of your mouth at once.

For Bill Clinton, the message is: You have a habit of going in and out of hibernation on foreign policy, and for months now you have been in hibernation, leaving your foreign policy team home alone.

Some Clinton political handlers believe that if he talks too much about the Middle East, people will think he isn't working for the middle class. Nonsense. His political authority would be enhanced by speaking out more on foreign policy, because foreign policy is part of every American's intuitive definition of being presidential.

When President Clinton comes out of hibernation, as he did last week in an address against isolationism, he can be extremely effective. He has good instincts on foreign policy, because foreign policy is just politics with a bigger map. But too often he won't trust those instincts, so

others fill in the vacuum and tie him hands.

To both parties the message is: After the war against Iraq, George Bush declared that the United States had finally "kicked" its Vietnam syndrome, a total aversion to intervention abroad. Unfortunately, the Vietnam syndrome has been replaced among politicians with the Gulf War syndrome.

The Gulf War syndrome says that the United States will engage in military operations abroad only if they take place in a desert with nowhere for the enemy to hide, if the fighting can be guaranteed to last no more than five days, if casualties can be counted on one hand, if both oil and nuclear weapons are at stake, if the enemy is a madman who will not accept any compromise and if the whole operation will be paid for by Germany and Japan.

It is time to shake that syndrome as well. The Gulf War is not a guide for the future; it was a solar-lunar eclipse that comes along as often as Haley's comet. Using it as the criterion for engagement abroad is a covert prescription for isolationism. The people deserve better. They are ready to do more. But someone has to lead them.

The New York Times.

## Dole Needs to Reflect Some More About Cooperative Foreign Policy

By Stephen S. Rosenfeld

**WASHINGTON** — Bob Dole has the tough, savvy hardened foreign policy you would expect of a Kansas Republican conservative who fought in World War II, has long taken a vigorous, mostly opposition part in Washington's own policy wars and now aspires to cross from the Senate majority leadership to his party's presidential nomination.

But one aspect of his thinking gave me a jolt when I took in his views last week in an all-arms speech to a Washington conference celebrating the memory of Richard Nixon and, even more, in an article in *Foreign Policy*.

Mr. Dole is not just skeptical and critical, in a now familiar conservative way, of the United Nations and other international

institutions and of international projects ranging from peacekeeping to pollution ("peripheral") and from development to foreign aid. He is seized by the demon he calls multilateralism.

The term means working with other nations — especially in military or peacekeeping interventions — not simply by commanding them George Bush-style in Iraq but by soliciting and bargaining out their cooperation.

Mr. Dole dismisses such cooperation. He treats Iraq as not the special case it plainly was but as a model for all interventions. Multilateralism is "utopian." It impinges on American "sovereignty" — a word he reaches for

easily. It derogates from American "leadership" — a word he invests with almost mystical qualities. It fetters American freedom of action, violates American interests, endangers American lives.

"Subcontracting American foreign policy and subordinating American sovereignty encourages and strengthens isolationist forces at home — and emboldens our adversaries abroad." This is the essential Dole.

He sees a deadly link forming between two sectors of American opinion. "Dealinists" believe that America now lacks not just the strategic necessity but the resources and the legal and moral authority to act on its own. This

group is lining up with its dubious "multilateralist kin," people who lack political will and the instinct to leadership and who would have the global organizations take over.

Mr. Dole's basic is a creature he calls "Assertive Multilateralism/Enlargement," his formulation of the Clinton vision of a post-Cold War American foreign policy.

Assertive multilateralism was an unhappy slogan that the administration briefly haulled out in an effort to show that it could keep control in Bosnia and cooperate with other nations at the same time. It couldn't.

Enlargement refers to an administration intent to promote free market democracy around the world. Mr. Dole thinks that is soft-headed, being one who defines national interest in hard, strategic terms.

The senator advances these ideas in the name of fending off a dangerous isolationism on the one side and an "irresponsible" internationalism on the other. He strides onto the pre-presidential stage as the smart, experienced (at 71), patriotic and principled man in the middle.

Let us stipulate that the United Nations and the Clinton administration, working both apart and together, have made enough mistakes and misjudgments to draw plenty of fire, substantive as well as partisan. This is the real-world opening through which critiques of multilateralism now pour.

Former Bush aides Brent Scowcroft and Arnold Kanter have pointed out, to the perils of going it alone (*IHT Opinion*, Feb. 4). The Republican pair had

in mind a certain tendency toward unilateralism on the part of the sitting Democratic administration. But their critique applies even more fittingly to Mr. Dole, who elevates an occasional inclination to a whole guiding philosophy.

The difference is profound. The new unilateralism, as Mr. Scowcroft and Mr. Kanter depicted it, does not explicitly turn its back on interdependence with the world but insists that America will deal with the world only on its own terms. Such an approach invites friends and allies to go unilateralist, too, puts at risk the multilateral cooperation that the United States increasingly needs in areas and problems in which it does not exercise command, and evades the hard and frustrating work of exercising foreign policy leadership to bring others around.

It is isolationism with an internationalist facade.

Exhibit A would be Mr. Dole's campaign, over stout NATO and European resistance, to have America unilaterally lift the arms embargo now in place on Bosnia.

## EUROPE

## BRIEFLY EUROPE

## West Is Desperate For Deal to Block Wider Bosnia War

By Roger Cohen

New York Times Service

ZAGREB, Croatia — It has been more than two months since former President Jimmy Carter secured a cease-fire in Bosnia and raised hopes that a silencing of the guns could lead to a political breakthrough. Those hopes have now sunk in the Balkan bog, and the region is drifting toward a fiercer, and perhaps a wider, war.

The drift is furthered by Western diplomatic confusion, Croatia's impatience, Serbian

intransigence and the Bosnian government's methodical determination to take back territory by military means and avenge the atrocities suffered by Muslim civilians.

The confusion and resulting weakness of American and European diplomacy is nothing new in the wars of Yugoslavia's dismemberment. But it appears particularly acute right now. At its heart is the unlikely casting of President Slobodan Milosevic of Serbia in the role of a peacemaker.

Last month, the French government, cautiously supported by the United States, came up with the idea of a "last chance" meeting at which Mr. Milosevic would obtain a lifting of trade sanctions against Serbia in return for his recognition of Croatia and Bosnia, two countries whose secession from Yugoslavia the Serbs contested by seizing large swaths of territory.

The idea of a "last chance" was unusual in that those chances have seemed lost, and the Balkans are impervious to Western notions of deadlines. Moreover, even though Mr. Milosevic formally cut off support for the Bosnian Serbs last year, several well-placed Serbian officials said, he is politically unable to deliver a recognition of Bosnia and Croatia that would formally bury the idea of a Greater Serbia.

"There is a basic misunderstanding in the West," said an official who knows the Serbian

leader well. "People believe that because Mr. Milosevic cut off the Bosnian Serbs, he must be ready to recognize Bosnia's borders. But the blockade was aimed only at destroying a personal enemy of Milosevic, Radovan Karadzic, not the overall cause of the Bosnian Serbs."

Mr. Karadzic, the leader of the Bosnian Serbs, has infuriated Mr. Milosevic with his extravagant personal habits and his political decision to reject an international peace plan dividing Bosnia roughly in half.

Mr. Milosevic, who imposed a porous blockade on the Bosnian Serbs in August, believes that the international plan, consisting of little more than a malleable map, is now a reasonable basis for extending Serbian interests westward over the Drina River border with Bosnia.

This strategy, backed by the Yugoslav Army and secret police agents who ensure that Bosnian Serbian forces get whatever they really need, depends on deferring the issue of recognition of formal borders until much later. Thus, the "last chance" meeting appears to offer negligible hope.

The meeting was also supposed to deal with the impatient man of the Balkans, Franjo Tudjman, Croatia's 74-year-old president, who has decided he cannot wait much longer to recover the 30 percent of Croatia seized by Serbs in 1991.

If Mr. Milosevic recognized Croatia, the diplomats thought, Mr. Tudjman might rescind his decision to throw out the 12,000 United Nations troops he now regards as little more than accomplices to a Serbian occupation.

That idea also looks dead, so Assistant Secretary of State Richard C. Holbrooke is going to Zagreb for talks on Monday with Mr. Tudjman in which he will try to persuade the Croatian president to revoke or amend his decision.

"A mild sense of panic is setting in," an official said. "There is no hint that Tudjman will change his mind and no desire on our part to get American troops involved."

## Q & A: Russian Optimism on Economy

*Sergei Pavlenko is the director of the Russian government's Center for Economic Reform in Moscow. He reports directly to First Deputy Prime Minister Anatoli B. Chubais, the government's strongest proponent of free-market economic reform. He spoke in London with Erik Ipsen of the International Herald Tribune.*

**Q.** In his state of the federation speech last month, Boris Yeltsin said that what is now the government's third attempt to tame inflation must succeed.

**A.** Yes, I think Mr. Yeltsin is aware that when it comes to fighting inflation it is three strikes and you are out. But I think there is a very good chance that we can contain inflation this year and then enter a period of economic growth next year.

Of course, that is not very cheery news for the population, but if restraint persists we should show that by the midsummer that the government can control inflation. By then it should be around 2 or 3 percent per month, which for Russia is basically zero. Keep in mind that in January it was running at 17 percent.

**Q.** On what do you base your optimism?

**A.** At least until summer we will see the absence of large central bank credits and heavy budget spending. That will guarantee at least single digit per month inflation.

**Q.** Some observers note that Russia's budget assumes huge new credits from the International Monetary Fund this year. Are those sums realistic, especially

as many doubt that Russia's budget discipline will hold?

**A.** Stabilization has become a fact of the election campaign, so there is no way back for Mr. Chubais and [Prime Minister Viktor S.] Chernomyrdin. It is a necessary goal. Still, because of the not so friendly behavior of IMF officials, Russia lost one-quarter of its IMF credits last year. No one in Russia, I can assure you, is happy to see how the Fund is dealing with Russia.

**Q.** What is your reaction to the speed with which the IMF acted to extend billions of dollars in credits to Mexico?

**A.** It is really not fair when Fund officials go over every item in every part of the Russian budget and press the Russian government to do this and that and this, and then for Mexico it is proof that they get all their funds in an instant.

**Q.** What impact has the huge cost of the war in Chechnya had on your efforts to limit government spending and stabilize the economy?

**A.** In an economic sense, the cost of the operations in Chechnya is extremely low. The price of war is cheap. To destroy a city, you need only a few million rounds of ammunition. The main economic cost is the cost of reconstruction. That could total 5 to 10 trillion roubles, but it will be paid next year not this year.

Chechnya is not an economic problem. The two big problems are our loans from the International Monetary Fund and pressure on public spending in the pre-election period.

**Q.** Has the war had a political impact?

**A.** The Russian government showed it

has the right to act within its borders, and it showed that those borders are real and not temporary borders. The Chechnya operation also showed separatists forces in other regions of Russia that the federation government is ready to send in the army to restore order and unity.

**Q.** Does Chechnya then strengthen the central government's hand in its fiscal dealings with the republics as well?

**A.** The tax discipline of local governments is heavily dependent on their perceptions of the strength of the federation government. After the 1993 shelling of Parliament, for instance, several republics paid their taxes. In general, though, the problem with tax revenue is not local government. The problem is that taxpayers don't pay.

**Q.** You mention the parliamentary election looming in December and the presidential election looming in June of next year. Could it pose a threat to budget discipline?

**A.** The impact of the election is clearly visible. During the campaign, politicians will obviously try to please the electorate. The main contradiction now is between the necessary steps to please the electorate and the necessity of implementing hard measures in an ongoing period of economic and financial stabilization.

**Q.** How does the issue of economic reform and stabilization feature as an issue in the election campaign?

**A.** On reform, the Communists say we are doing too much. The reformers say we are doing too little. And the nationalists say we are not doing it for Russia but for the IMF and other outsiders.

## EU Extends Aid Carrot to Croatia

BRUSSELS — With fears of a broader Balkan war growing daily, European foreign ministers will seek this week to use the European Union's financial muscle to entice Zagreb to reconsider its order for United Nations peacekeepers to leave Croatia.

Diplomats said the ministers would try to link approval of extending the European Union's aid program for eastern and central Europe to Croatia to a diplomatic drive to make President Franjo Tudjman change his mind.

Mr. Tudjman has said he will not extend the mandate for 12,000 United Nations peacekeepers on Croatian territory when it ends on March 31 and has rebuffed all appeals to reconsider.

(Reuters)

**Project Funding for Togo Resumes**

LOMÉ — The European Union has announced a progressive resumption of project funding for Togo, frozen in 1992 when authorities tried to block democratic change.

A statement by the European Commission's office in Lomé on Saturday night said the European Union would start by unblocking funds for rural development, education and the fight against AIDS.

(Reuters)

## Brussels Denies Backing Adams

LONDON — The European Commission denied Sunday that it was backing an attempt by Gerry Adams, the head of the Irish Republican Army's political wing, Sinn Fein, to have Britain's anti-terrorism laws declared illegal.

A London newspaper, the Mail on Sunday, reported that the EU executive had prepared a legal submission backing Mr. Adams's case before the European Court of Justice.

The court was asked for its opinion by the British high court on Mr. Adams's charge that laws that banned him from the British mainland breached freedom-of-movement provisions in the Maastricht Treaty.

(Reuters)

## Calendar

European Union events scheduled for Monday, March 6:

**BRUSSELS:** EU foreign ministers meet to discuss relations with Russia, preparations for an EU-Mediterranean conference, and EU relations with Turkey and Malta.

**BRUSSELS:** Prime Minister Tansu Ciller of Turkey attends a ministerial meeting to formally approve a customs agreement between EU and Turkey.

**BRUSSELS:** Ministerial meeting on cooperation between EU and Lebanon, the first since 1980, with Foreign Minister Fares Bouez of Lebanon in attendance.

**BRUSSELS:** President Alexander Lukashenko of Belarus and Jacques Santer, president of the commission, meet to sign a partnership agreement between EU and Belarus.

**PARIS:** Jema-Clepa Business Conference on EU/Japan auto industry, attended by Martin Bangemann, commissioner for industry.

**LONDON:** Speech by Karel Van Miert, competition commissioner, on "EC Policy for European Industry."

**COPENHAGEN:** Jacques Santer and Padraig Flynn, social affairs commissioner, represent the EU at the opening of the EU-sponsored world summit for social development.

**BRUSSELS:** Yves-Thibault de Silguy, economic and monetary affairs commissioner, meets Alain Lamassoure, French European affairs minister.

Sources: Agence Europe, AFP.

## New Calls for NATO Chief to Step Aside

Reuters

BRUSSELS — Pressure grew Sunday on the NATO secretary-general, Willy Claes, to resign over a defense-contract corruption scandal amid concern in Belgium that the affair would damage the center-left coalition in May elections.

A former aide to Mr. Claes, John Delanghe, is in detention after being questioned about the affair, in which the Flemish Socialist Party is said to have received "gifts" in 1989 from the Italian defense company Agusta.

On Friday, the police searched offices at the Belgian Economics Ministry, which Mr. Claes headed at the time of the alleged payments.

Mr. Claes, who has denied any wrongdoing, said last week that he was determined to retain the NATO post.

**A Projectile Smashes Into a Bavarian Field**

Reuters

ANDECHS, Germany — A suspected meteorite crashed into a field in southern Germany, leaving a 20-meter-wide crater, the police said Sunday.

They said a farmer in this Bavarian village reported seeing a spout of water and mud 150 meters (500 feet) high late Saturday. A police helicopter reported that nothing was found in the crater.

But for the first time, a former Flemish Socialist Party colleague publicly urged him to leave the post until the affair was cleared up. Jef Steeckx, a member of the Belgian Parliament, said on the Belgian television channel VTM on Saturday night that he thought it best for Mr. Claes to step down.

Belgian opposition politicians have also called for the resignation of Mr. Claes and other Flemish Socialist Party leaders linked to the scandal.

But Foreign Minister Frank Vandenbroucke, the former head of the party, said in an interview with the VT4 Dutch-language television channel that he thought the affair was related to a "sort of international financial mafia" that had abused the party name.

Concern over the affair has spread beyond Belgium's borders. In an interview published Sunday, a senior member of the German Free Democratic Party also called on Mr. Claes to step down until the affair was resolved.

"I recommend that the NATO secretary-general stand down" the party's parliamentary leader, Hermann Otto Solms, said in the interview with Bild am Sonntag.

At issue are allegations that Agusta made "gifts" totaling 51 million Belgian francs (\$1.7 million) to the Flemish Socialist Party in 1989 linked to a 1988 purchase of 46 helicopters for the Belgian Army.

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## ASIA

## BRIEFLY ASIA

# While Remembering Pearl Harbor, U.S. Decides to Spare Japan

By T. R. Reid  
Washington Post Service

TOKYO — As Japan backs away from a legislated apology for its aggression in World War II, the Clinton administration has decided to tone down its planned commemoration of the 50th anniversary of the war's end, sparing Japan's prime minister from facing his nation's former adversaries.

Japanese and American officials here say the White House originally proposed an assembly of heads of state for a memorial ceremony at Pearl Harbor on Sept. 2 — the anniversary of Japan's formal surrender. But that plan has reportedly been redesigned, in part because Prime Minister Tomiochi Murayama objected strongly to it.

Plans now call for President Bill Clinton to speak in Honolulu that day. But the other nations that fought in the Pacific theater will be represented by cabinet-level officials, not heads of state — a format acceptable to the Japanese.

In another gesture to Japanese sensitivities, Washington has assured Tokyo that American officials at commemorative events will avoid the term "V-J Day," short for "Victory-over-

Japan Day," to refer to the end of the Pacific war. American material will simply refer to the "end of the war."

In Washington, an administration official noted that with several commemorations taking place in Europe, and a summit meeting of Pacific nations due in Japan in November, another gathering of heads of state was considered excessive.

There are several reasons, officials in Tokyo say, why the Japanese were so reluctant to have their prime minister invited to a gathering of heads of state of the nations Japan fought in World War II.

For one thing, Mr. Murayama is said to be highly uncomfortable at international gatherings. As prime minister of the world's second-richest country, he is obliged to attend some, but he is said to want to keep the number to a minimum.

Moreover, on paper, Japan and Russia are still fighting World War II. The war's only combatant nations who have not yet signed a peace treaty, are still arguing over disputed territory. Thus the Japanese do not want to sit down with the Russians in a let-bygones-be-bygones ceremony.

But the major problem for

## V-J Day' Is Given a PC Updating

Washington Post Service

TOKYO — Another familiar turn of phrase has become politically incorrect. Please don't say "V-J Day."

With the combatants of World War II gearing up to commemorate the 50th anniversary of the war's end, Japan's diplomats have been asking other countries to eschew the term "V-J Day" to describe Aug. 15, 1945 — the day Japan's surrender ended the war.

That date has been known ever since in many English-speaking countries as "V-J Day" — that is, "Victory-over-Japan Day." The people here note that the date of Germany's surrender, May 8, 1945, is known as "V-E Day" for "Victory in Europe" — not "Victory over Germany." To the Japanese, that means

Japan, American officials say, seems to be that the government here has still not settled on its official position toward the several countries Japan attacked, invaded or colonized.

A long-running domestic debate about Japan's war responsibility is unlikely to be resolved by Sept. 2.

Mr. Murayama, 70, head of the Social Democratic Party

they have been singled out for linguistic hostility.

Accordingly, Tokyo has been asking other nations to find some less Japan-specific nomenclature to describe the historic day. The effort has had some success. Australia's government has agreed to drop "V-J Day" and use the term "Victory in the Pacific Day" instead. The U.S. government will use the term "end of the war" in all commemorative activities.

"Our whole effort in this thing is to commemorate an event, not to celebrate a victory," an American official said. "So we have assured Japan that nobody in the U.S. government or military will use the term 'V-J Day' this year. But the media, the veterans groups — hey, that's a whole different question."

Japan, American officials say, came prime minister through political bargaining last summer, he extricated a written promise from other members of his governing coalition that the Diet, or Parliament, would pass a formal resolution of apology to Asian nations. This was to be done in time for this year's 50th anniversary memorial events.

Various ideas for the resolution, known as the "Remorse, Apology and No-More-War

Resolution," have been floating around political circles. The measure is supposed to come up for formal debate this spring.

But the more conservative members of the governing coalition are rapidly backing away from the basic idea of a Japanese apology. As rightist groups hold rallies and march through the streets denouncing the proposed resolution, many politicians seem to favor either a bland one honoring the war dead or nothing.

The three coalition parties have formed a "project team" to work out specific language. But when the team met in late February, there was so much angry debate that not a word was written.

Japan's emperor and former prime ministers have expressed regret and apologies to several of the countries Japan attacked in the war. But the Diet has never passed a resolution of apology, and the possibility again looks doubtful.

Mr. Murayama is so unpopular today that he probably does not have the clout to force a resolution through. And without Diet action, Japanese officials do not want their prime minister to take part in a memorial ceremony where some form of apology might be expected.

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## INTERNATIONAL

# A Leader Of Hutu Is Killed In Rwanda

Reuters

KIGALI, Rwanda — Gunmen ambushed and killed a prominent Hutu politician who had been brought into the Tutsi-dominated administration to assure millions of refugees they can return home safely, the government said Sunday.

The official, Pierre-Claver Rwangabo, prefect of Butare in southern Rwanda, was killed on Saturday night, officials said.

State-run Rwandan radio said more than five gunmen stopped Mr. Rwangabo's car near Butare by blocking the road with a tree as the prefect traveled from Kigali, the capital. The assailants then opened fire, killing Mr. Rwangabo, his son and driver.

Mr. Rwangabo is the most senior politician in the Tutsi government to be killed since Rwandan Patriotic Front rebels won a three-month civil war last July after as many as a million members of the minority Tutsi tribe and their Hutu allies were slaughtered.

As a member of the Hutu opposition to the ousted Hutu government blamed for the massacres, Mr. Rwangabo was named to run Butare to assure Hutu refugees in nearby Zaire it was safe to return home.

The radio said that the vice president, Major-General Paul Kagame, who led the rebels to victory last year, arrived in Butare on Sunday and that an investigation was under way.

Rwandan radio suggested that former soldiers for the Hutu-led government were responsible.

Mr. Rwangabo was a spokesman for the Social Democratic Party and former aide to Prime Minister Agathe Uwilingiyimana, a moderate Hutu killed in the first days of the mass slaughter.

The army, now controlled by the Rwandan Patriotic Front, has carried out a recent wave of arrests, particularly around Butare, of those suspected of involvement in the massacres.

## ALGERIA: Bloodbath Rips Fabric of Life in Capital

Continued from Page 1

geranium plant over the grave of her fiancé, Reda, a policeman.

"Young, unemployed men are being recruited to kill," she said. "They need money and the Islamic underground needs arms, so they kill policemen" to get their weapons, she said.

When their romance began a year ago, Souhilia, a 23-year-old market researcher, her computer past-word to read "Reda." Now she does not have the heart to change it and cannot bear to use it on the screen.

"I am going to quit work and stop going to my classes," she said. "I cannot think. I cannot study. I cannot see clearly anymore. Many people are dropping out of school because they are afraid of dying."

At the grave of Bashish Tewfik, another policeman killed last month, a doctor visiting with her daughter said: "All Algerians are targets, men and women. The children are traumatized; adults are taking more tranquilizers."

"My 7-year-old daughter, Wissam, keeps asking me why we are getting killed. When the news comes on the news, 'Who was killed today, Mummy?'"

And while the radical reli-

## DOLLAR: Analysts See Tumultuous Period for Battered U.S. Currency

Continued from Page I

funds into yen before the automatic trigger was hit.

Whether accurate or not, this will no longer be a burden for the dollar after March 31.

By then, the Fed is also likely to have raised interest rates. Although a debate still rages whether the U.S. economy has slowed enough to dissipate inflationary pressures, even analysts who see growth weakening have assumed that the Fed will raise rates one last time at its scheduled meeting in May. This could be brought forward to March if the turmoil in the foreign-exchange market erupts into a financial crisis.

"For now the risks of an outright currency crisis remain modest," said John Lipsky at Salomon Brothers in New York.

The sell-off in the U.S. bond market last week still looks modest relative to the sub-

stantial gains recorded since the start of the year, and the leading index of stock prices remains close to a record high.

If dollar weakness significantly undermines stock and bond markets, Mr. Lipsky said he expected the Fed to act.

Uncertainty about the Fed's need to continue raising rates, fueled by comments made in testimony before Congress last month by the Fed chairman, Alan Greenspan, is one of the root causes of the dollar's current weakness, since even the prevailing interest rates are not deemed attractive enough to attract money to the financial crisis.

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Analysts were only disagreeing about how low the dollar was likely to go. Paul Cherkow, an analyst at Union Bank of Switzerland and a long-time optimist on the dollar's outlook, saw it falling to 1.31 DM. Neil MacKinnon at Ciubank, a long-standing pessimist, held to his view it would drop to 1.25 DM.

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As the French presidential campaign heats up between Edouard Balladur and Jacques Chirac, the Gaullist rivals, Jean-Marie Le Pen, the candidate of the far-right National Front, was greeted by rain as he arrived for a campaign session on Sunday in Lille. Photo: R. Rosenthal/Reuters

## BANK: Audit Suggests Barings Knew of Risky Bets

Continued from Page 1

his losses were too big to save.

In their findings, Price Waterhouse alleged that Mr. Leeson had "directed his staff to pass reclassification entries in the relevant records," evidently meaning that records had been falsified.

Elizabeth Sam, chairman of SIMEX, said that Baring Futures had only four clients. Three were part of the Barings group and the fourth was the Banque Nationale de Paris.

She said that the failure of internal controls within the Barings group had allowed Mr. Leeson to commit the bank to trading positions that caused its collapse.

Price Waterhouse executives said they discovered the letter, written to Andrew Frazer, head of Barings' equity broking and trading in London, in the past few days.

"My concern is that once again we are in danger of setting up a structure which will subsequently prove disastrous and with which we will succeed in losing either a lot of money or client goodwill or probably both," Mr. Bax wrote.

In his first public comment on the Barings affair, Goh Chok Tong, Singapore's prime minister, said Sunday that "looking at the reports from the investigation," the government felt that the island-state's regulatory authorities had handled the situation "very well."

They had seen what was coming and given the necessary warnings to those involved, he said.

## IRAQ: U.S. Evidence of Buildup

Continued from Page 1

against serving in the military. "I am afraid of doing my service because it is risky," said Nassim B., 19, as he cleaned his surfboard on a beach.

His friend, Samir H., added, "My science professor had his throat slit for doing that."

Sadjia B., a second-year resident of obstetrics and gynecology, was hit as she sat gazing out at the Mediterranean at the Club des Pins, a dilapidated beach resort still serving as an escape for young people caught in the cycle of violence.

"This is purely political, not about Islam," she said of the killings. "One does not have to kill. They are criminals, not Muslims, and this is barbaric justice."

Outside the Garde cemetery, business was booming for Muslim A. during Ramadan.

Western diplomats say the Islamic movement has begun to realize that the government is not about to collapse. But meanwhile, the violence and the erratic nature of this civil war are leaving a deep imprint on the young.

Young women are told to avoid Western dress or risk death, while young men are being warned in posters put up by the Armed Islamic Group, the most feared Islamic faction.

On the grave of Bashish Tewfik, another policeman killed last month, a doctor visiting with her daughter said: "All Algerians are targets, men and women. The children are traumatized; adults are taking more tranquilizers."

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Despite friendly advice from his enemies that he should withdraw, Mr. Chirac plowed ahead, in the process becoming more comfortably outspoken with the public and with journalists.

In conversation, he cites a quiet consensus among key leaders in Europe in saying that European integration needs a slowdown to enable citizens to accept the losses of sovereignty.

Mr. Chirac's view is that the quality of the change can be summed up by a Chirac campaign symbol, an apple, that has taken on a life of its own. Adopted casually for his election, the apple was featured as a derisive prop on a satiric television program that has thrived on Mr. Chirac's foibles.

But this time he turned the tables, bantering about the jibes and light-heartedly reminding crowds that apples are good for you. The honey touch fit Mr. Chirac's image as a man with the common touch so plainly foreign to Mr. Balladur.

## CHINA: Prime Minister Assails Mistakes on Economy

Continued from Page 1

isature poses no threat to the power of the nation's Standing Committee or the ruling Communist Party.

The occasion Sunday was full of pomp and circumstance.

Inside the Great Hall, with a giant red star hanging from the ceiling, a military band played the national anthem and all the likely rivals for power in a post-Deng era were seated together on stage, looking outwardly amicable. Mr. Deng, though chosen a member of the legislature's presidium, did not attend.

Mr. Li focused heavily on economic issues, an area that has been heavily influenced by Deputy Prime Minister Zhu Rongji.

The prime minister set an economic growth target of 8 percent to 9 percent for this year, a break rate well below last year's 11.8 percent increase in economic output. He said the slower pace was needed to hit the government's new inflation target of 15 percent for this year.

He said that the government should tighten the control and supervision over prices, espe-

cially those for daily necessities.

Last year, Mr. Li set an economic growth target of 9 percent. He also set an inflation target of 10 percent, less than half the actual rate last year, when inflation set a record for the 45 years since the Communists took power.

The rapid rise in prices is a cause for popular discontent, even though wages outpaced the inflation rate, and it could lay a populist base for party conservatives who want to stop price liberalization and roll back some economic reforms.

Mr. Li said that the government had "underestimated the repercussions" of reforms that sharply raised prices of grain, cotton, crude oil and other products early in 1994. Weak investment in agriculture and the development of arable land further hurt the nation's harvests and drove up food prices, he said, while heavy investment in industry drove up prices of capital goods. Fearing a drop in growth rates, he added, the government failed to take "emergency measures" or launch an "austerity program" that might have brought inflation down.

Such a sharp rise in prices was due both to objective rea-

sons and to mistakes of governments at all levels," he said.

Mr. Li also lashed out at government corruption, another key source of popular discontent.

"We must pay more attention to the importance of combating corruption, a matter of life and death for our nation," he said.

Italian diplomats referred on Sunday to a statement by a spokesman for Prime Minister Lamberto Dini after his meeting with Mrs. Albright. Italy simply reaffirmed its "former position" that Iraq must comply with all Security Council resolutions and that tough UN monitoring must continue to merit sanctions relief.

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Mr. Li, a former electric power industry official, said that state-owned industry also needed sweeping changes. He said that companies should separate productive activities from social-support activities such as schools and hospitals and that social services should be gradually transferred to the state. He also said that money-losing enterprises should go bankrupt.

But the Soviet-trained Mr. Li said that the ultimate goal of such reforms was not to wipe out the state industrial sector, but rather "to invigorate the state sector as a whole so as to give fuller scope to its dominant role."

"We of course demand, with the rest of the international

community, that Iraq obey all its obligations under Security Council resolutions," the French Foreign Ministry spokesman, Richard Duque, said in Paris last week.

But he added, "We also said that if Iraq progresses in responding to those resolutions, we must also take that into account."

It is difficult for countries like Argentina, Botswana, the Czech Republic, Honduras and Rwanda to say anything but "yes" when Washington launches a blitz like Mrs. Albright's, diplomats said. She carried tough words from President Bill Clinton in which he argued that Washington's lead role in the Gulf War and the preventive military mobilization in the Gulf last November entitled it to a leadership role in deciding when to lift the sanctions.

Mrs. Albright carried a U.S. plan that would allow Baghdad to sell more than \$1.6 billion in petroleum under UN supervision to buy food and medicines, with less intense monitoring than contemplated under current UN resolutions.

But Iraq's UN delegate, Nizar Hamdoon, said Sunday that Baghdad was unlikely to accept.

From Iraq's point of view,

that deal is dead," Mr. Hamdoon said, because Baghdad regards it as an infringement on its sovereignty.

Despite friendly advice from his enemies that he should withdraw, Mr. Chirac plowed ahead, in the process becoming more comfortably outspoken with the public and with journalists.

In conversation, he cites a quiet consensus among key leaders in Europe in saying that European integration needs a slowdown to enable citizens to accept the losses of sovereignty.

As his ideas have sharpened in the campaign, Mr. Chirac

initially invited for the first time, there is the inevitable question: Why Burkina Faso?

"Burkina Faso is a truly undeveloped country, but we could not allow that to prevent us from trying to organize a festival," said Filipe Sawadogo, secretary-general of Fespaco. "In the 1980s we decided to show the outside world that Africa has its own civilization.

With the entry of South Africa, which already has a well-developed movie industry, that situation is likely to change quickly. Some members of the cozy circle of French-speaking artists here worry that the festival may soon escape their control.

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## MOVIES: For Ouagadougou, a Week in the Limelight

Continued from Page 1

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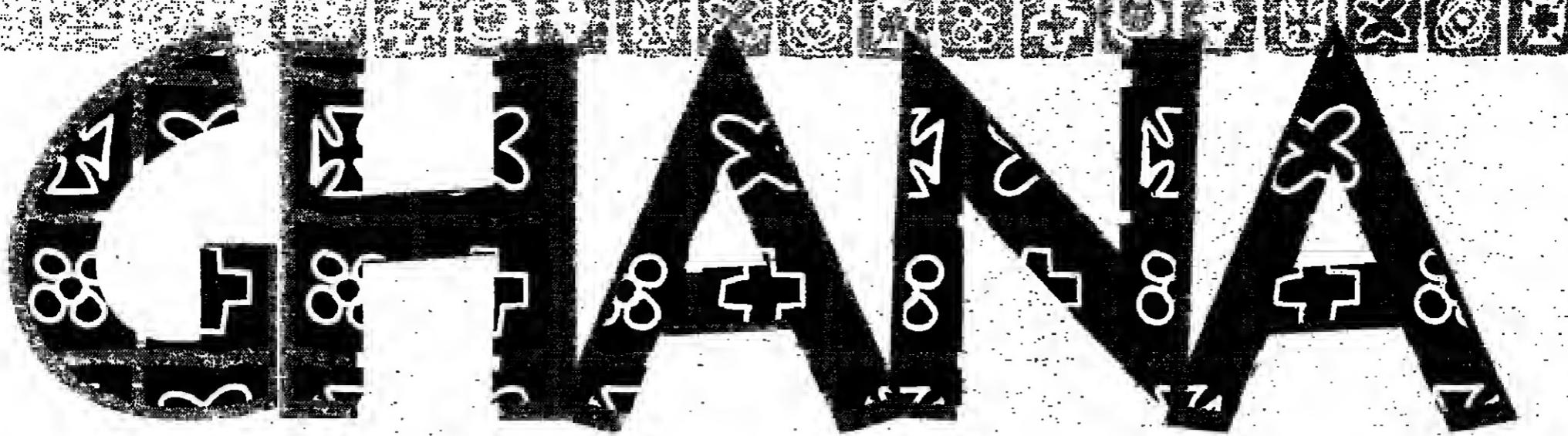
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## INTERNATIONAL RECRUITMENT

You will find below a listing of employment offers published in last Thursday's International Herald Tribune

| POSITIONS                       | COMPANY               | CONTACT  |
|---------------------------------|-----------------------|--|
| Formateurs (Language trainers)  | AXA                   | Laurence COLIN<br>Ref: FLA<br>Cie AXA<br>39, rue du Colisée, 75008 Paris - France      |
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## THE FRUITS OF REFORM

### SUSTAINED GROWTH DEMANDS DIFFICULT ECONOMIC MEDICINE

*Program attracts substantial inflows of private capital.*

Just as Ghana under the late President Kwame Nkrumah led the way in political leadership in Africa in the 1950s, under the newly constitutional leadership of President J.J. Rawlings, it is striving to show the way ahead for economic reform and rapid private-sector-led growth.

In a continent damaged by political upheaval and economic decline, Ghana is becoming a beacon of hope that democracy, peace and economic progress are achievable ends.

Ghana is at different stages in achieving each of these goals. Democracy is slowly taking root; the 1996 elections will be the next test of the new constitution. Peace and security are tangi-

ble assets, though marred by last year's communal violence in the Northern Region.

The most substantial achievement has been Ghana's economic progress, as evidenced by a sustained recovery in trade and investment over the past 12 years. It is a country poised tantalizingly on the threshold of substantial growth.

The disastrous years of economic collapse, from the late 1970s to the early 1980s, have been left behind. The trading economy, in which Ghanaians demonstrate remarkable ingenuity and skill, has been restored to health. Thanks to new public and private investment, the principal exports — gold, cocoa and timber — are

once again bringing in substantial quantities of foreign exchange, supplemented by an encouraging surge in new exports.

With the gradual — and painful — retarding of an inflated public sector inherited

from the early days of independence, the way is being opened up to freedom of action for a newly confident private sector.

Finance Minister Kwesi Botchwey has this year set

ic stability and for a higher rate of economic growth. He emphasizes that Ghana can no longer "hover on the edge of recovery" but must regain its momentum for vigorous investment and growth. After last year's somewhat dis-

appointing growth of 3.8 percent, the target for 1995 has been set at 5 percent, and the hope is that thereafter growth can reach the 8 percent to 10 percent horizon

*Continued on page 9*



*Ghana's future looks bright when seen from the playground of an Accra school.*

### CONTENTS

- Page 9  
President Rawlings replies to questions
- Page 11  
Kwesi Botchwey on scope of reforms
- Page 12  
Government leaves business to business
- Page 13  
Harnessing natural gas to meet power needs
- Page 14  
Banks respond to the challenges of the 1990s
- Page 15  
Post-apartheid contacts grow
- Page 16  
Promising search for investment
- Page 17  
Simplified mining laws put gold back in front
- Page 18  
Nontraditional exports gain ground
- Page 19  
Capital needed to keep forests as an asset
- Page 19  
Cocoa continues to play leading economic role
- Page 19  
Schooling is a right for all
- Page 19  
Castles, forests and festivals attract tourists

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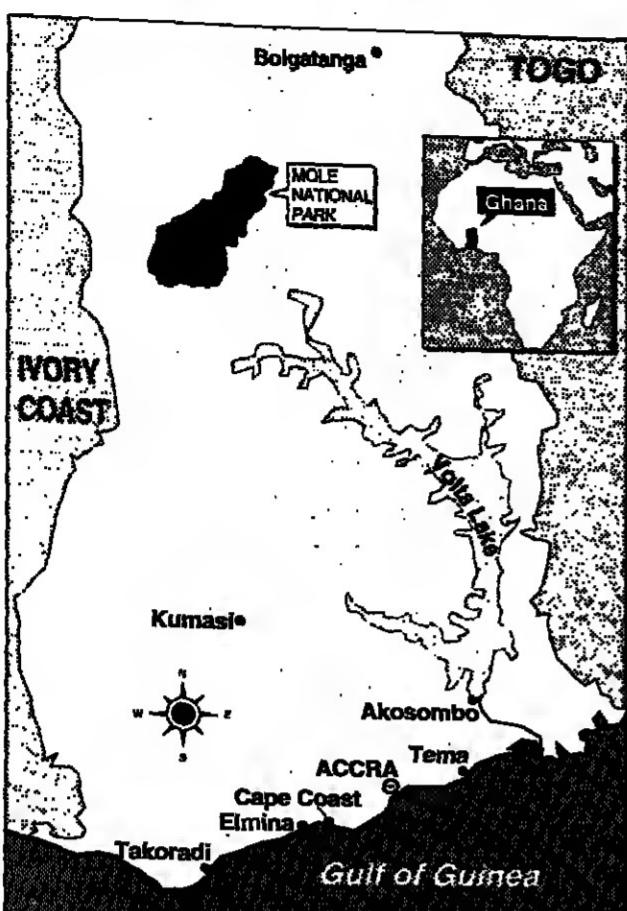
Ghana National Procurement Agency (GNPA)

Editorial

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SPONSORED SECTION

# THE ECONOMIC REPORTER OF GHANA



## SUSTAINED GROWTH

*Continued from page 8*

needed for an authentic take-off.

The reforms may continue to be painful, and the gains may be more elusive than were once hoped, but the government is determined to get back on course. Recent slippages have been attributed to the country's transition to democracy, during which the government took time to adjust to the need for greater consultation and debate on tough economic questions. Government expenditures grew unchecked, fueling inflation and pushing down the value of the national currency, the cedi.

Outlining the government's 1995 economic program to parliament on February 1, Mr. Botchwey promised an end to "laxity, malfeasance or politicization." In response, the private sector has welcomed signs of reinforced control, although companies are unhappy that interest rates have to remain punishingly high (currently 39 percent).

**'One of Ghana's strongest selling points is its reputation for peace and stability and the absence of crime in the streets.'**

In order to curb inflation, where the private sector stands to gain is in the imminent acceleration of the government's ambitious privatization program and an almost complete relaxation of the regulations governing foreign investment. New opportunities for local and foreign investors are being opened up as the government restates its determination to help Ghana achieve "Far Eastern levels" of economic growth.

**Active dialogue**  
A further boost to confidence will be provided by more active dialogue between the government and multilateral institutions, particularly the International Monetary Fund and the World Bank. New structural adjustment facilities from these bodies will be negotiated over the coming months, following three successive years in which Mr. Botchwey had cause to complain of the bank's non-disbursement of programmed loans. This, he says, "was a major cause of macroeconomic distress and deprived government of a magnificent opportunity to use direct vestiture proceeds to further increase our reserves."

The latest reaffirmation of the fundamentals of Ghana's economic reform has been cautiously welcomed by a private-sector leader, Ishmael Yamson, chairman of Unilever Ghana. While what he expresses regret over what he calls "a loss of focus" that occurred in 1992, Mr. Yamson is encouraged by the current direction of policy and by the government's new willingness to listen to,

and act upon, the views of the private sector.

Regular consultations between government and business are now conducted through a variety of forums, of which the most effective has been the Private Sector Advisory Group. It has worked hard to bring about reform in investment and labor law, and legal and regulatory controls.

A newer policy-oriented body, the Private Enterprise Foundation, aims to engage directly with Ghana's democratic and parliamentary committees.

**Fund-fledged market**  
As dramatically illustrated by last year's sale of the London and Ghana Stock Exchanges of almost half of the government's stake in Ashanti Goldfields Corp., the country has opened its doors wide to foreign capital.

The performance of the Ghana Stock Exchange has itself become an important measure of the country's standing in international markets. In little over 12 months, the GSE arose from obscurity to become one of the most active small emerging markets in the world. Financial analysts suggest that as the GSE develops into a full-fledged capital market, it will be well positioned to attract substantial inflows of foreign capital over the rest of the 1990s.

The trend toward greater openness to foreign investment was confirmed when parliament last year passed an investment act that removed the need for investment approvals in all sectors of the economy except for mining and petroleum. Investors now have only to register as business entities, whereupon they are free to implement their projects, within the normal rules of the country.

**Island of security**  
One of Ghana's strongest selling points is its reputation for peace and stability and the absence of crime in the streets. "This is an island of security in Africa for foreign investment," says Kwei Si Ahwoi, acting chief executive of Ghana Investment Promotion Center, who also points to the wider West African subregion that Ghana can serve: "We are at the center of a large market of 16 countries with 200 million people."

Private investment promoters also favor a focus on Ghana's position vis-à-vis the West African subregion, with a view to promoting its potential as a center of banking, financial services and telecommunications.

No visitor or expatriate Ghanaian returning to Accra after an absence of several years can fail to notice how much better things are, including the airport, roads, hotels and goods that can be bought in the shops. There are real expectations that the once-vaunted education system will get back on its feet.

Ghanaians are known as an enterprising, gentle, well-educated people. They are taking difficult economic medicine, confident that it is the right stuff.

Richard Syngle  
& Denis Herbststein

## PRESIDENT RAWLINGS

### RAWLINGS FORESEES 'A PROCESS OF REBUILDING DEMOCRATIC INSTITUTIONS'

President J. J. Rawlings provided these answers to questions submitted to him:

*In 1957, Ghana led colonial Africa to independence. Do you envisage Ghana now leading Africa toward new ways of sustained economic development? What indications do you see of Ghana becoming a more significant player in the year ahead?*

We are proud of Ghana's early history and the inspiration that it gave to the rest of colonial Africa. But this does not guarantee us a leadership role. Leadership and respect must be earned on an ongoing basis, through principled and practical achievement. It is not for me to say how we may be perceived by our peers, but to strive toward building a nation that can give our people stability, self-respect and opportunity, and which can live up to its obligations toward our continent.

*In what way has Ghana become prepared, under your leadership, to meet what you recently called "the challenges of the 21st century"?*

The 21st century, if present trends continue, promises to be politically unipolar, but with a world increasingly divided between rich and poor. If we had not been able to reverse the economic, political and moral decline of Ghana in the late 1970s, our nation

would have been in no condition to face up to the challenges of the new century. While I believe that we should have been able to do more, we do at least have the basic conditions for a sound economy, an attractive climate, democratic and orderly governance under a constitution, and the respect of the international community.

*Now that Ghana's military regime has become an elected civilian government, do you think that a democratic culture is*

*'What interests me is social justice and the welfare of the ordinary man and woman'*

*emerging that is relevant to Ghana's traditions and social conditions?*

Firstly, the Provisional National Defense Council (PNDC) was not a military regime. It had more civilians in office than military personnel, even if we include retired soldiers. It would perhaps be more correct to call it a military-civilian coalition. The anger against corruption and the lack of democratic behavior was not limited to the military. Our democratic culture is not a consequence of multiparty elections. It goes back centuries

into our traditional system of government, in which the processes for the selection of chiefs, and their removal if they fail in their trust, are matters for every section of the community, including elders, women and the youth.

The PNDC initiated our policy of decentralization and the establishment of District Assemblies to enable as many people as possible to participate in decision-making and the initiation of development projects. Our present constitutional government is therefore part of this process of rebuilding and refashioning the democratic institutions that had fallen into disarray and disarray.

*You have called for "radical shifts in the orientation of the public service." What exactly is needed and what plans does the government have to bring about change?*

The Institutional Renewal Program had already taken off. It seeks to give the civil and public service the same degree of urgency and efficiency that is found in the private sector. Several sections of the public service within some ministries, government departments and other organizations have already undergone capacity-building exercises because they were essential components of important programs being undertaken. Other sections, however, have remained sleepy tangles of red tape



and bureaucracy, which slow down and frustrate the development process. These are the targets of this exercise.

*How have your own ideas of political power changed over the years?*

Political power for its own sake has never interested me. What interests me is social justice and the welfare of the ordinary man and woman. I would have been happy to retire from high office in 1992 if I had been convinced that the lessons of the past and efforts of the PNDC had made a deep enough impression to ensure that any government that came to power would respect these principles.

*What are the prospects for a solution to the civil conflict in Liberia, and what roles can Economic Community of West African States (ECOWAS) and Ghana play?*

We have persevered for so long, despite many discouragements, because we believe we owe a duty to our brothers and sisters in Liberia and to ECOWAS. However, we cannot continue indefinitely to drain our resources without any positive and conclusive results.

*As chairman of ECOWAS, are you encouraged by the prospects for greater economic and political cooperation between the countries of the region?*

I am encouraged by the prospects, but not so much by the practicalities! There has often been too much talk and not enough committed action. I admit that there have been real obstacles, including internal

strife and instability in some ECOWAS member countries, natural disasters such as drought that have affected some members very severely, and the lingering effects of the colonial Anglophone-Francophone division. Nevertheless, I intend to use my term of office as ECOWAS chairman to endeavor to accelerate practical cooperation.

*For Africa as a whole, how do you see the future of the Organization of African Unity?*

We are committed to the OAU, and despite the limited resources available, we must make it stronger and more effective. African nations must be able to take collective action to resolve shared problems and to make the best use of our continental resources. The OAU will therefore be an important instrument in this task.

## PORTS OF GHANA



### OUTSTANDING FACILITIES

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- TELEX: 2344 PORT TEMA
- FAX: 0221/4136

##### TAKORADI PORT

- P.O.BOX 249 TAKORADI
- TELEPHONE: 4073
- TELEX: 2614 PORT TKD
- FAX: 031 4874



Ghana Re

#### GHANA REINSURANCE ORGANISATION

The Guarantor.

Ghana Re  
P.O.Box 7509 Accra - North, Ghana

Tel: 220660/220697/233043/233044

Telex: 2020 RENSUR GH

Fax: 233-21-221958 Tel: 885644

London Office:

88 Fenchurch Street, London EC3M 4BT

Tel: 0171-488 9265

Telex: 885664 Ghana G

NON-LIFE BUSINESS

Three Year Summary (1991)

1991 1992 1993

Gross premium in m.m. 1,411,815 2,052,454 2,040,459

Net premium income 1,371,281 2,037,177 2,009,127

Underwriting profit 61,932 20,108,67 36,101,12

Investment income 16,126,91 8,100,30 8,430,81

Management expenses 577,455 489,999 127,325

Shareholders funds 11,136,83 66,591,28 44,401,26

Net profit 4,237,418 24,151,11 1,152,941

# THE GHANA EXPORT PROMOTION COUNCIL

The Ghana Export Promotion Council (GEPC) has since its inception in 1969 been the main organisation responsible for the promotion of exports of locally produced goods. It is an executive arm of the Ministry of Trade and Industry and is actively involved with the private sector in the expansion and development of all exports from



Ghana except unprocessed cocoa, unworked diamonds, mineral ores and crude petroleum and petroleum products.

The organisation has as its mandate the following:-

1. Expanding export sales through more effective marketing and the development of new products.
2. Strengthening of the supply base of export sector.
3. Training businessmen and government personnel in trade promotion and marketing.

In addition to the above, the GEPC coordinates feasibility studies and projects for export development, prepares profiles and collects data on export products and companies and handles enquiries for investments in the export sector.

Some of the existing export products for which new markets and further investments are being sought by GEPC are:

## AGRICULTURAL PRODUCTS

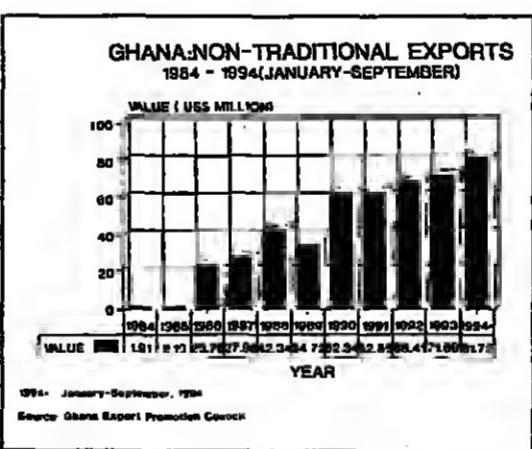
1. Horticultural Products such as:
  - Pineapples ■ Mangoes
  - Avocado Pear ■ Cut Flowers
  - Potted Plants



2. Vegetables such as:
  - Okra ■ French Beans
  - Courgettes ■ Mushrooms
  - Aubergines



3. Spices such as:
  - Black Pepper ■ Ginger
  - Chillies
4. Cashew
5. Rubber and Rubber Products



## 6. Fresh Coconuts and Coconut Products such as:

- Copra
- Desiccated Coconuts

## 7. Tuber such as:

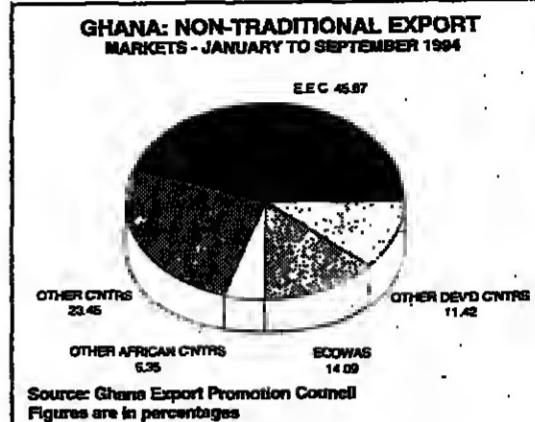
- Yam ■ Cassava

## 8. Marine Products such as:

- Shrimps ■ Lobsters
- Tuna and other fishes

## MANUFACTURED PRODUCTS

1. Furniture and other wood products



2. Aluminium Products
3. Agriculture and Food Processing Machines
4. Processed Fruit and Vegetable Products
5. Sculpture and Paintings
6. Chocolate
7. Beer
8. Garments
9. Textiles
10. Rubber
11. Soap and Detergents

## HANDICRAFTS

1. Traditional Textiles (Kente, Batiks, etc.)
2. Straw Products (Bolga Baskets)
3. Rattan/Cane Products
4. Ceramics
5. Sculptures and Paintings
6. Jewellery and Other Metal Works
7. Wooden Handicraft Products



For further information contact:  
The Executive Secretary  
Ghana Export Promotion Council  
P.O. Box M. 146  
Tudu Accra Ghana

Tel: (233-21) 228813, 228830, 228541, 228623  
Tlx: (22898 EXPORT GH)  
Fax: (233-21) 668263

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# JOINT ECONOMIC FORUM

# GHANA

## KWESI BOTCHWEY

### MAJORITY BENEFITS FROM REFORMS

In the following interview, Kwesi Botchwey, minister of finance and economic development, discusses the outlook for his country.

**How competitive is Ghana as a site for new investment in agricultural, mining and industrial projects?**

I think Ghana is quite competitive. The business of competition is basically a question of the macroeconomic environment, especially relative prices, exchange rate policies and stability, as well as the availability of the supporting infrastructure, telecommunications, roads and so on.

In the external sector, as far as exchange rate policies go, I think that we are competitive. Certainly for mining, the evidence is very clear that we are very competitive, and I think the market has recognized it. There has been a bit of a gold rush, with investments of upwards of \$1.6 billion in the past five or six years. This is as much a function of our exchange rate policies as it is of our natural resource endowment and the quality of the gold ore.

In the area of agricultural projects, I think that we are also competitive. The ecological, soil and other conditions are very good. The agro-processing field, especially, has good prospects and is very competitive. I have just come from visiting a banana plantation where, paradoxically, the competitiveness of the venture is causing its own problems. Other producers are looking at the Ghana venture with a great deal of concern. They are making it difficult for low-unit-cost producers like this one to get into the market, and

they are finding ways to ward them off.

In the area of industry generally, we have tended to face competition from far-flung industries, in the Far East and elsewhere, which are more competitive. They are longer-established, and their labor costs are notoriously low. Our labor costs have tended to outstrip these levels, although in absolute terms people do not think they are paid well enough here. In the textile industry,

**Reform programs can only succeed if they are explained to the people and a significant consensus is built**

for instance, there is evidence that we are pricing ourselves out of our competitiveness through large increases in labor costs. This is as much a function of our exchange rate policies as it is of our natural resource endowment and the quality of the gold ore.

**What lessons has Ghana learned during its years of recovery that could be of use to other African countries struggling with economic decline?**

I think the most important lesson we have learned is that Africa's condition is not decreed by any law. Here, as elsewhere, mankind makes its own history. We can, indeed, change the circumstances, and we are not condemned to some unavoidable fate.

Ghana's history is very clear. After independence we squandered what appeared to be a substantial legacy from colonialism, and in a few years we began

our decline and recorded perhaps the most disastrous deterioration of any economy in the region. But since those days, we have provided an example of what can be done when a country's problems have been resolved and when the policy package is right. There has been a significant turnaround in every sphere of economic activity by whatever statistical measure you judge. The important lesson is that our fate is not destined to be just a horrible one and that things can be changed through conscious political action, just as everywhere else. Given the right policy environment, our people, our workers, farmers and everyone else can provide the appropriate responses.

Another important lesson is that before a country adopts any program and before a country approaches any multilateral or bilateral institution for help, the country itself must decide what it can do, what it can live with, and what time frame it needs for policy adjustment. It is no use going anywhere without a clear-sighted policy framework that defines political objectives, anchored in a clear understanding of the country's social, political, cultural limitations and possibilities. Too many of our countries fail to do this and expect donors to do them a good turn. The world is not like that. It's important to know your terrain and to be very clear about what you can do and what you can live with.

Thirdly, our experience shows clearly that reform programs can only succeed if they are explained to the people and a significant consensus is built. You can do these programs with somebody wielding a big stick and whipping everybody in line. A lot of political work needs to be done. Even in the Provisional National Defense Council (PNDC) period in Ghana, when we did not have political parties or the democratic institutions that we have now, there was never any occasion when the military or the police were called out just to hit people on the head to accept these policies. It was largely done through a period of debate and discussion. Programs need to be clearly understood.

*Some critics have alleged that only a minority of Ghanaians have profited from structural adjustment, while the majority have remained in poverty. Do you foresee a wider economic development process that could redress the apparent imbalance?*

We have done poverty surveys to determine the impact of adjustment. The evidence we have does not suggest that the majority of the people have not benefited from the adjustments. On the contrary, the evidence suggests clearly that a majority have benefited. The majority live in the rural areas and are farmers, producing food, cocoa and other cash crops, and because we have pursued policies that have gradually adjusted relative prices in favor of production, we have been able to pay these farmers more.

Cocoa farmers are now getting a much higher percentage of the world market price than they have ever received since the program began. As a result, there has been a significant redistribu-



rainfall patterns appear most favorable.

*Are there prospects for more beneficial economic cooperation with other countries in Africa?*

There are indeed a great many prospects for economic cooperation, especially in the sub-Saharan region. In fact, that is where our salvation lies. One of the key reasons that we have not been able to attract large-scale foreign direct investment is that our markets are very small. We are competing with very large countries like China, and the only way we can make progress is to integrate, so that our markets will be enlarged. It would also make for more rational distribution of resources, instead of everybody building their own smelters, refineries, thermal plants and so on.

We, as current chair of the Economic Community of West African States (ECOWAS), are taking this business seriously, and we have begun to work consciously to forge closer links, firstly by working toward the harmonization of macroeconomic policies,

secondly by facilitating the freer movement of persons and goods, thirdly by improving the working mechanisms of the West African Clearing House so that payments can be effected for trade exchanges and finally by encouraging multinational industrial projects.

For instance, we are discussing a gas pipeline from Nigeria through Benin and Togo to Ghana, which would serve this coast, utilizing Nigeria's gas which is currently flared while many of our countries have critical energy problems. We are also cooperating in telecommunications and in infrastructural development. Interview by R.S.

tion of income in favor of the rural areas, where the bulk of our people live. So it is not the case that the majority of the people have not benefited from the structural adjustment program.

That is not to say that there have not been any casualties. In the urban areas, to the extent that we have redeployed people away from the civil service, we have paid them money, given them benefits and helped retrain them to get them into other occupations. But different categories of the urban poor have suffered. Disadvantaged people were affected, and that is why we devised a program to mitigate the costs of adjustment to vulnerable groups, such as nursing mothers, the urban unemployed and redeployed people. We devised programs targeted at these groups to assist them. I can't pretend that this did all the work. There was some hardship among these groups, which was inevitable in the short run.

Overall, we have not been able to raise the level of growth high enough to enable the bulk of the people to see the real benefits of adjustment. With only a 5 percent rate of GDP growth and with a population growth rate of about 3 percent, there is only a 2 percent increase in per capita

ing more than 1 million ounces of gold each year, compared with less than 400,000 ounces before the economic recovery program. But the most significant diversification is in the development of our so-called nontraditional exports, mainly in horticulture, fruits and vegetables, kola, salt, fish and fisheries products.

These have grown three-fold at least and are still expanding. In manufactures, we have companies producing shirts for the export market, and there is new light manufacturing. So we are beginning to see the kind of things that triggered off the East Asian miracle. The process is under way, even if we have not yet been able to galvanize a critical mass that would make a significant difference.

The most interesting areas for foreign investors over the medium and long term – apart from the traditional areas of gold and cocoa, where production is still growing – are in the nontraditional exports in the agricultural and industrial fields. The best prospects are in agro-processing where soil conditions and

# SSNIT

THE INSTITUTION

We are a statutory public trust established to provide social security for the working population in Ghana. Today, we are the biggest non-banking financial institution in our country.

OUR ACTIVITIES

Our business is to administer a national, basic scheme covering the contingencies of old age, invalidity and death.

The basic components of our business are:

- Collection of social security contributions from our members ■ Investment of the social security contributions
- Payment of benefits of old age, invalidity and death (survivors) as they fall due.

MEMBERSHIP

Our membership consists of the working population in Ghana made up of employees, employers and the self-employed. Non-resident Ghanaians are also eligible for membership of the scheme.

TYPE OF SOCIAL SECURITY SCHEME

We operate a partially funded, fixed benefit social insurance scheme.

Our scheme is financed through a combination of contributions and investment income.

Contributions

Members make monthly/periodic contributions. Our current contribution rates are:

- 12.5% of salary by the employee ■ 12.5% of employees' salary by the employer
- 17.5% if the declared income by the self-employed.

The legislation setting up SSNIT makes provision for the operation of supplementary pension schemes such as national schemes and private schemes.

OUR INVESTMENTS

Assets of our fund are invested taking into account six major requirements:

- High Yield ■ Safety ■ Liquidity ■ Maintenance of asset value ■ Harmony with public interest ■ Diversification

Our investments are grouped into:

- Fixed Income Portfolios
- Treasury Bills ■ Fixed Deposits ■ Index Linked Mortgage Bonds ■ Corporate Loans
- Non-fixed Income
- Properties (commercial and residential)
- Equities ■ Others (development oriented projects for foreign exchange generation and employment generation)

NOTEWORTHY ACTIVITIES

We are unique in combining the social security functions of collecting contributions, investing the contribution and administering benefits – all under our roof.

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**GHANA****THE GOVERNMENT DECIDES TO LEAVE BUSINESS TO BUSINESS***The accelerated privatization program, affecting major state-owned companies and banks, aims to "unlock the economic potential of the country."*

A recent announcement that 109 state-owned enterprises are to be sold off over the coming months is another sign of the Rawlings government's commitment to encouraging private investment. The sale promises to include some substantial contributors to Ghana's economy such as the national airline, Ghana Airways, the Posts and Telecommunications Corp., the State Transport Corp. and the State Insurance Corp.

These sales are in addition to the flotation of government holdings in at least three major Ghanaian banks on the Ghana Stock Exchange over the next 12 months. Following 120 divestitures and disposals already made during the past five years, there is now ample evidence that the government has no desire to keep control of businesses that were once disparagingly referred to as "the sacred cows." Even the powerful Ghana National Petroleum Corporation is due for restructuring and privatization, senior government officials have confirmed.

The sale of trading and financial institutions that were founded as state-owned businesses will take Ghana's disposal of national assets to a new level. In support of this latest push for economic liberalization, ministers and officials now repeat the mantra that is frequently heard throughout Africa: "It is not the business of government to be in business."

**Streamlined methods**  
The sell-off program is being accelerated as well as extended, says the executive secretary of the Divestiture Implementation Committee (DIC), Emmanuel Agbodo. "If investors give us clear proposals, we will see that they are fully considered in

no more than 60 to 90 days," he says. The various methods of divestiture are being streamlined.

In line with international trends, Ghana's methods of selling off government shareholdings are becoming increasingly sophisticated. In addition to improving its own workings, the DIC intends to work closely with Ghana's merchant banks in a number of future divestitures. The involvement of banks and finance houses is seen as particularly appropriate for those companies in which the public would be

**'Joint ventures,  
leases and  
management  
buy-outs  
have  
all been  
encouraged'**

allowed to buy shares through the stock exchange.

The fledgling Ghana Stock Exchange grew phenomenally last year, with the sale of Ashanti Goldfields Corporation shares pushing up the market's total capitalization to \$1.8 billion at the end of last year, compared with only \$140 million at the end of 1993. The Ashanti flotation, however, was divestiture on a grand scale that, unlike most other Ghanaian enterprises, was able to attract major institutional investors from around the world who were invited to buy their shares on the London Stock Exchange rather than the GSE.

**"Attractive opportunities"**  
The recent growth of the GSE should be sustained by the sale of shares in Social Security Bank, National In-

vestment Bank and Ghana Commercial Bank over the coming months. "An intensified privatization program, which will begin with the financial sector, will be a source of attractive investment opportunities," say Databank analysts. "Steady and sustainable growth fueled by privatization should position Ghana as an attractive market for long-term investors." To date, however, only a few divestitures – of the high-performing enterprises – have been channeled through the GSE.

The DIC deals with the good and bad performers alike, ensuring that the government takes responsibility for old debts and liabilities before a sale goes ahead. In the past five years, it has successfully disposed of a number of significant industrial enterprises.

The former GIHOC Steel-

works has been renamed Tema Steel Co. under largely British ownership and operates as the leading steel producer in Ghana.

West African Mills cocoa processing company of Takoradi has been revived by German interests and is back in full production. German interests have also bought the seven factories of the Tema Food Complex, where new production units are due to start up soon.

The fact that Coca-Cola International has also negotiated to participate in the bottling operations of the Ghana National Trading Corp. in an investment that could eventually total \$20 million is seen by DIC's Mr. Agbodo as a "strong signal to other multinationals."

The sales that have

brought the most revenue to the government to date are those of breweries, food and canning factories, steelworks, cement works and gold mines. By June 1994, a

total of 30 companies had been sold outright, 23 had been divested through the sale of government shares, 11 had been re-established as joint ventures, four had been leased and 35 had been liquidated. Excluding the \$300 million earned by the sale of shares in Ashanti Goldfields, the gross proceeds of divestitures amounted to about \$70 million by mid-1994.

The method of divestiture has depended largely on the nature and size of the enterprise and on whether there are shareholders other than the government. Where the government was a part-owner, it has normally offered its stake to other shareholders in the first instance. In some cases, the government has retained shares with a view to a future quotation on the GSE. In each method used, the DIC has as much as possible tried to involve the private sector through the use of consultants. Joint ventures, leases and management buy-outs have all been encouraged.

**Set of guidelines**  
In a few cases where would-be investors could not fulfill their commitments, a num-

ber of firms have had to be sold for a second time and have sometimes aroused greater interest as a result. A second auction for Ghana Oil Palm Development Corp. attracted a bid of \$11.1 million from a major international oil palm group, considerably more than the highest bid of \$6.4 million made in the unsuccessful first round.

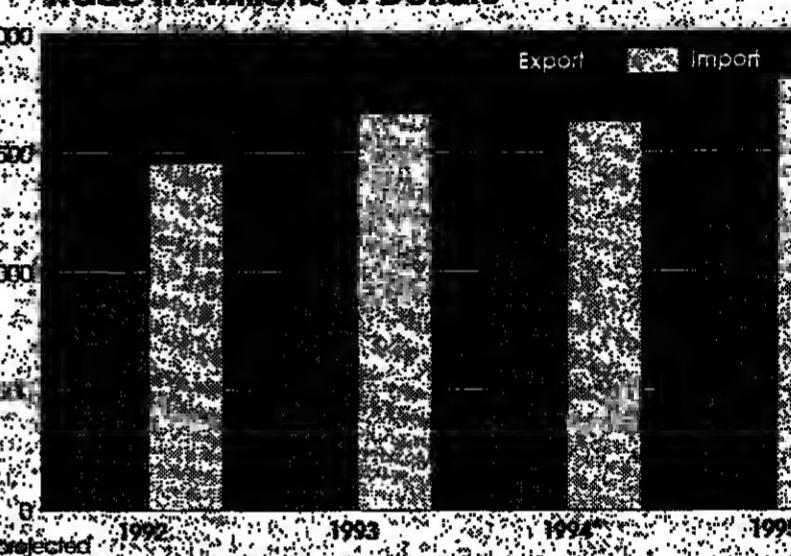
The order in which the next large group of companies will be sold is still being studied, but announcements will follow without delay, says Mr. Agbodo. To assist companies that want to bid, the DIC is preparing a new set of guidelines. Further modifications of sale methods are under consideration, with a view to encouraging greater participation by Ghanian investors. In the past, the inability of some bidders to produce the necessary deposits has also led the DIC to revise its procedures and to introduce the use of bid bonds worth 10 percent of the value of the sale.

The primary aim of the privatization program, as spelled out by the DIC, is to "unlock the economic potential of the country by permit-

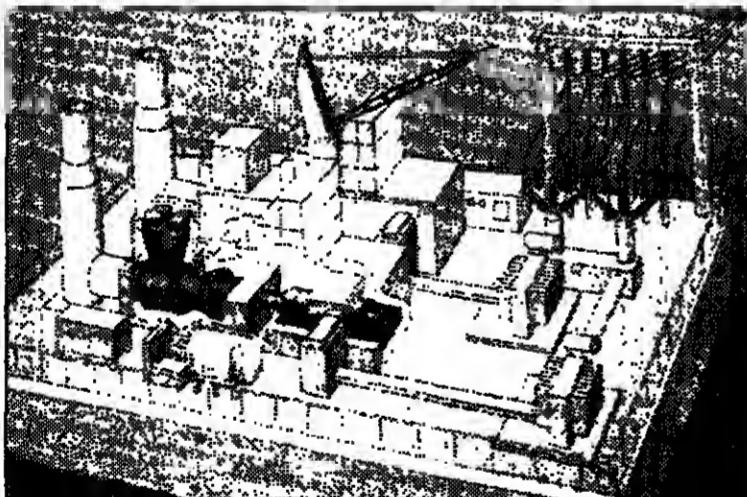
ting resources of people, money and technology to be put to their best use." The next stage of divestiture promises to bring in a wide range of new players, including a number of Ghanians with assets abroad who have been waiting for the right opportunities before committing themselves to the challenge of doing business in Ghana.

R.S.

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**GHANA NATIONAL PETROLEUM CORP**

**T**he Ghana National Petroleum Corporation is currently developing its Tano Fields Development and Power Generation Project – which will use Ghana's indigenous natural gas resources for additional power generation capacity in the country.



Barge Mounted Power Plant to be located in a coastal Lagoon, West of Half-Assini

Gas reserves in the Tano oil fields in the Western Region of Ghana and other fields in the country, will be tapped to power turbines to generate electricity.

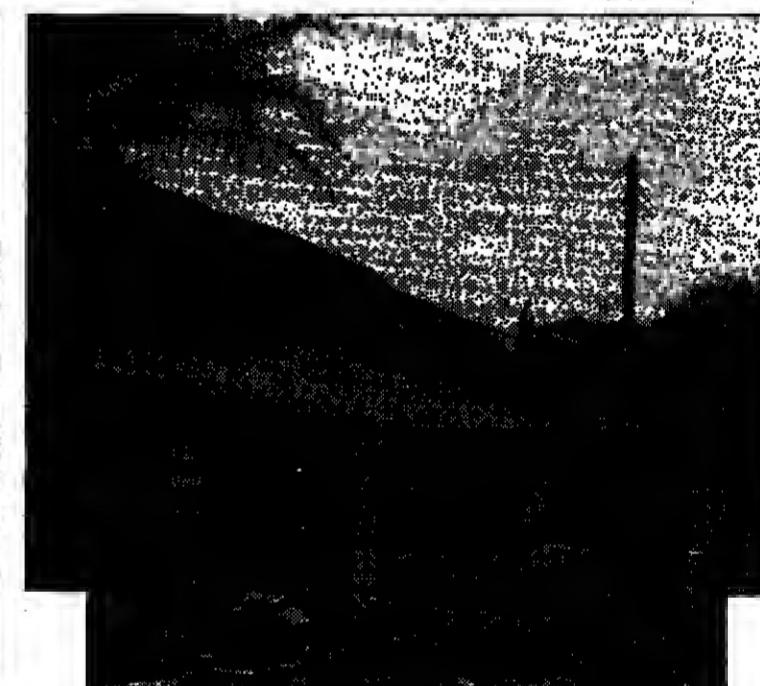
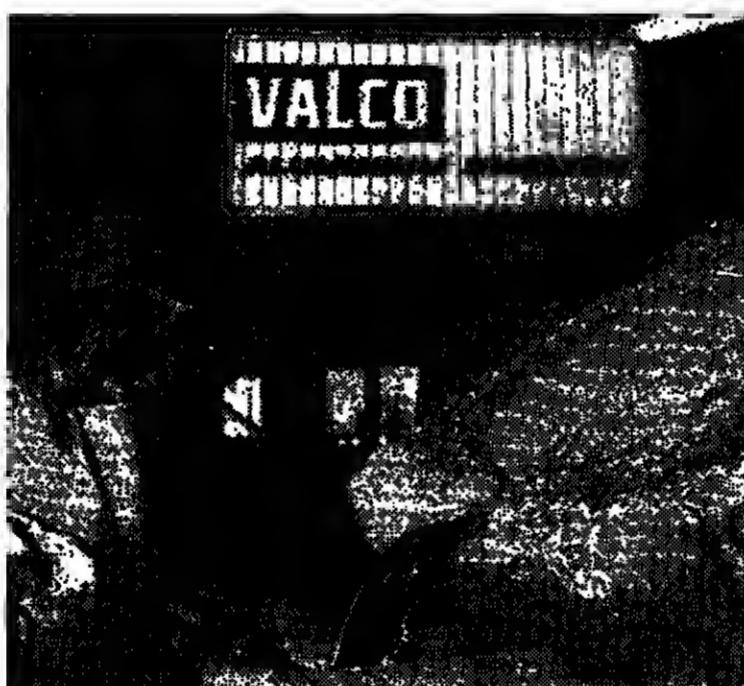
Ghana's economic recovery since the 1980's has created an increasing demand for electricity and current supply levels from hydro-power are proving inadequate to sustain Ghana's development.

GNPC's Power Project - the first independent power project in Africa - is strategically located in an area which has within the last few years seen a rapid foreign investment growth in mining and other industrial activities. GNPC's power project has a ready market in these new mining companies particularly.

The Project will definitely ease the pressure on the country's hydro-power generating plants and enable Ghana to remain a regional exporter of power to Togo, Benin, Cote d'Ivoire and Burkina Faso.

GNPC has established a subsidiary, Western Power Company, to undertake the power generation and transmission aspects of the Tano Fields development Project.

Majority shares in Western Power Company will be floated on the local foreign stock markets in the near future and private investors encouraged to participate.



Clockwise: Volta Aluminium Company (Tema), where 50% of Ghana's current supply of electricity is used. Prestea Sankofa Gold, (New mining project). Small Scale Kaolin Industry, (Western Region - Ghana). (Photos by Joe Ocansey, Ghana).

Ghana National Petroleum Corporations Off Harbour Road, PMB Tema, Ghana, West Africa  
Tel(233) 21232056/(233) 221 4726 Fax (233) 21 712916/232039 Telex 2188 GNPC GH/2704

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# CHINA

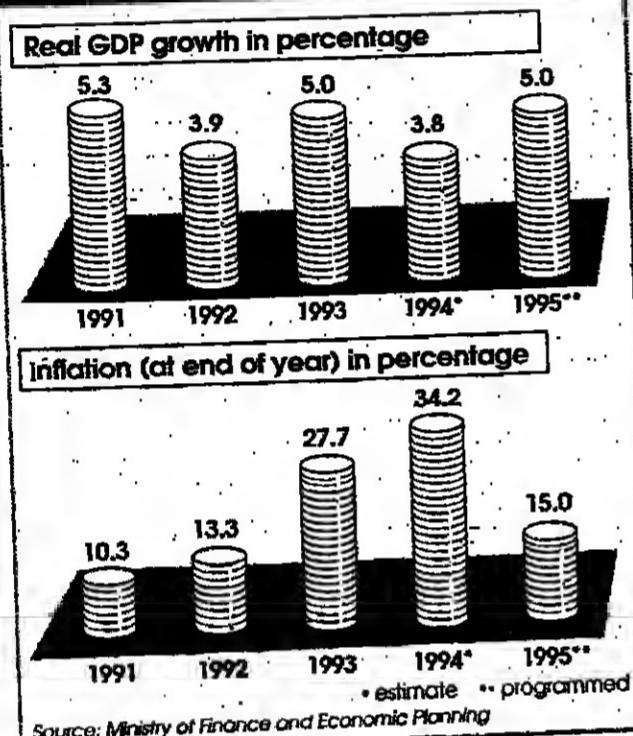
# GHANA

## BASIC DATA

Population: 15.3 million  
 Population growth rate: 3%  
 Religions: There is freedom of worship. There are traditionalists, Christians, Muslims and some Oriental faiths.  
 Government: Executive presidential system.  
 Languages: English, Akan, Nzema, Hausa and Ewe  
 Work week: Monday through Friday



## ECONOMIC INDICATORS



## HARNESSING GAS TO MEET POWER NEEDS

The Tano basin development will tap large reserves.

Ghana's Akosombo dam has long been a showpiece of hydroelectric power generation in West Africa, but its vulnerability to droughts in the subregion means that alternative sources of power have to be developed. Without such alternatives, low water levels in the Volta Lake can force the Volta River Authority to reduce power output, as has been the case in recent months, to the detriment of industrial and domestic consumers in Ghana, Togo, Benin and Ivory Coast.

The VRA has identified the need to expand power production capacity by about 500 megawatts over the next three years and plans to build a number of thermal plants. One source of new power will be the Ghana National Petroleum Corporation, which is putting finishing touches to a plan to generate 130 megawatts from Ghana's natural gas resources in the Tano basin, off the southwestern shore. When the project starts, perhaps next year, the years of planning for the harnessing of Ghana's own oil and gas resources will have paid off.

"With our estimated reserves of 200 billion cubic feet of gas, we can generate enough electricity to meet the needs of the mining industry in the Western Region for the next 15 years," says GNPC's chairman and acting chief executive, Tsikata.

Construction of the \$200 million Tano scheme has to start soon to meet the GNPC's target for gas and power production to commence in the first half of 1996. Engineers, financiers and the GNPC are hammering out the details. They are likely to opt for a fixed gas

gathering platform in the North Tano field, to be supplied from eight production wells in the North and South Tano fields.

The gas would be processed and delivered to barge-mounted turbines, where electricity would be generated by the newly established Western Power Company for distribution throughout the Western Region. Financing details should be finalized in April this year, says Mr. Tsikata.

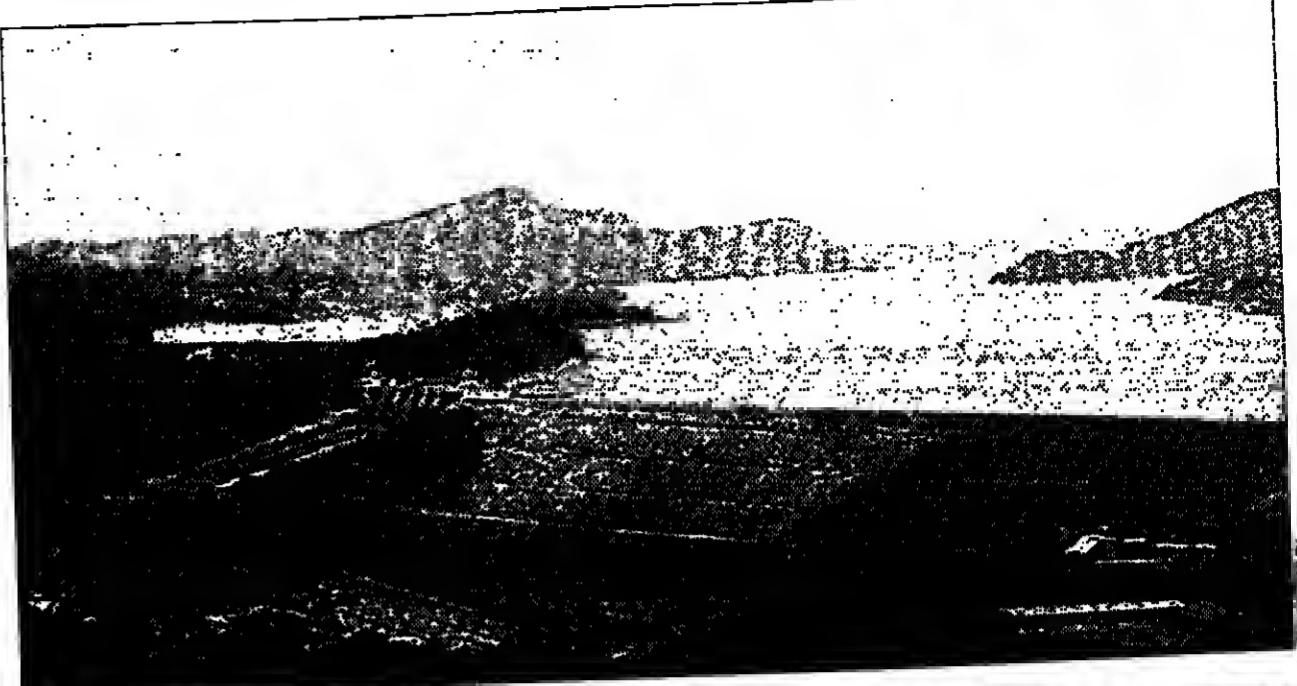
**Economic spin-offs**

The profitability of the gas-to-power project will be assisted by the collection of crude oil along with the gas. All the oil collected will be shuttled to Ghana's refineries, helping to reduce the heavy financial outlay for Ghana's oil requirements.

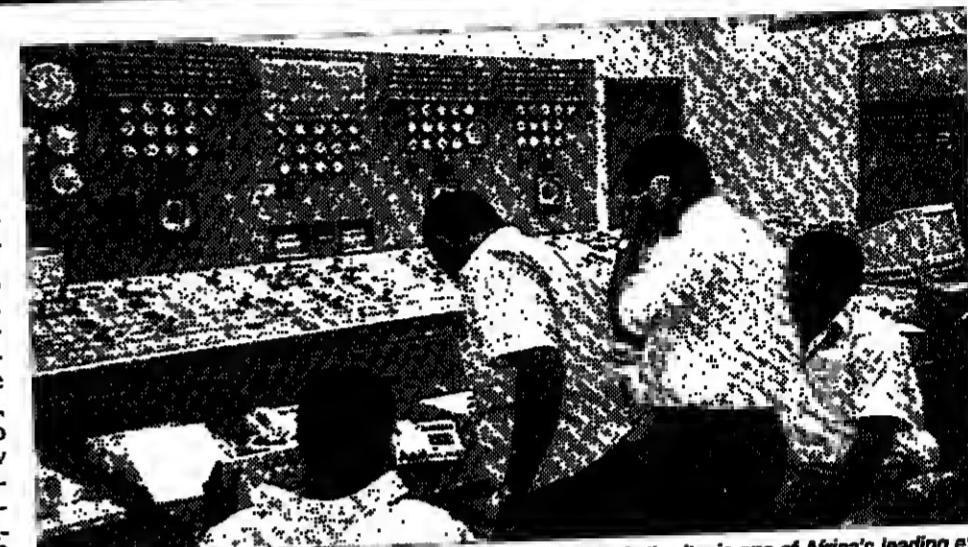
The Tano project could bring other long-term economic spin-offs. Although Ghana has never been favored as a major hydrocarbons producer, GNPC hopes that its gas project will stimulate new exploration activity. "There would be clear advantages for the oil industry to develop the hydrocarbons potential of a politically stable country like Ghana," says Jeffrey Knox of Chemical Bank, GNPC's financial adviser for the Tano project.

A further long-term benefit would be the development of Ghanaian expertise in handling natural gas, additional supplies of which may eventually be brought by pipeline from Nigeria.

Expressing his conviction that Ghana can become an important center for the West African subregional hydrocarbons industry, Mr. Tsikata speaks of the possibilities of a close interaction between Ghana and Ivory Coast in developing a showpiece of hydroelectric power generation.

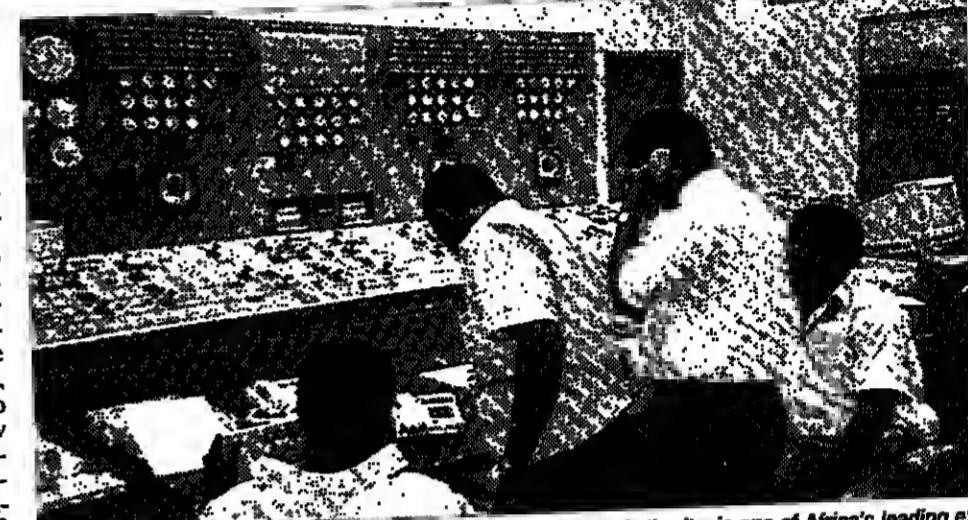


ROBERT BAILEY



The Akosombo Dam, with the control room of the Volta River Authority, is one of Africa's leading examples of hydroelectric power generation.

ROBERT BAILEY



The Akosombo Dam, with the control room of the Volta River Authority, is one of Africa's leading examples of hydroelectric power generation.

ROBERT BAILEY

for privatization. The restructuring of the corporation has started with a separation of GNPC's function as sole purchaser of petroleum for Ghana from its other trading and investment activities. As such changes are followed through, Mr. Tsikata expects a complete liberalization of fuel pricing within Ghana and an end to what he calls the "inflationary psychology of fuel pricing."

Price liberalization is just one among a number of major changes in store for GNPC, which in little over 10 years of existence has become an important force in the Ghanaian economy. It has investments in activities as diverse as gold processing and salt mining as well as in its own area of expertise, the oil industry, where it employs about 60 professional geophysicists, geologists and engineers out of a total staff of 600 and has built up a stock of oil drilling equipment, including a drill ship and a production platform.

R.S.



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**GHANA**

## BANKS RESPOND TO THE CHALLENGES OF THE 1990S

*A free and deregulated system is helping the financial sector to develop and diversify.*

The ongoing deregulation of Ghana's financial sector is giving bankers and financiers in Accra new confidence and purpose, often illustrated by their choice of airy, modern offices. While the traditional commercial banks still cling to the old financial center along the capital's congested High Street, the newer banks are dispersed through the city's tree-lined inner suburbs.

The father of the new age of Ghanaian banking is Afare Donkor, who in the four years since he opened Continental Acceptances Limited — now Cal Merchant Bank — has done much to encourage the return to Ghana of a young generation of financial wizards with experience on Wall Street and in the City of London.

From the head office on Independence Avenue, he has instigated and inspired a mushrooming of new corporate finance houses, discount houses, leasing companies, brokerages and venture capital funds. "We now have some depth in the financial market, which is poised for new developments," Mr. Donkor says.

Three new banks have been licensed to start business this year, and others are on the way. The codirectors of Databank Brokerage, Ken Ofori-Atta

and Keli Gadjekpo, who helped build up the Ghana Stock Exchange and successfully brought emerging market funds into Ghana for the first time, now have their sights set on building up a serious investment banking firm.

**African cooperation**  
Mr. Ofori-Atta explains that in the longer term he hopes to encourage the private sector throughout Africa to come together, "establishing capital markets infrastructure and a family of investment funds, leasing companies, etc., so that savings can be mobilized and equity capital identified for medium- and long-term investments."

The traditional banks are also responding to the challenges of the 1990s. "The banks are becoming more sophisticated and are competing strongly for corporate business," notes Ian Knapman, managing director of Barclays Bank of Ghana. "The free and deregulated system is helping the financial sector to develop and diversify."

As a leader of computerization in the industry, Barclays is installing a single data base to serve its network throughout the country. Lagging behind are the state-owned banks, which hope to pursue more active modernization and di-

versification once they are freed from government control through a series of planned stock market floatations over the coming months.

**Greater profitability**  
The state-owned Ghana Commercial Bank, which accounts for approximately 40 percent of deposits in the system, has so far computerized only six of its dozens of branches throughout the country. GCB Managing Director Helen Lokko looks forward to privatization as an opportunity not only to modernize but also to speed up management decisions and achieve greater profitability.

"We will be able to pick and choose in the light of the advantages of our operations and the community we serve," Mrs. Lokko says. "We'll still take our decisions conscious of the needs of development and environmental issues. The difference is that we will be freer to take decisions, and the shareholders will have a say in the running of the bank."

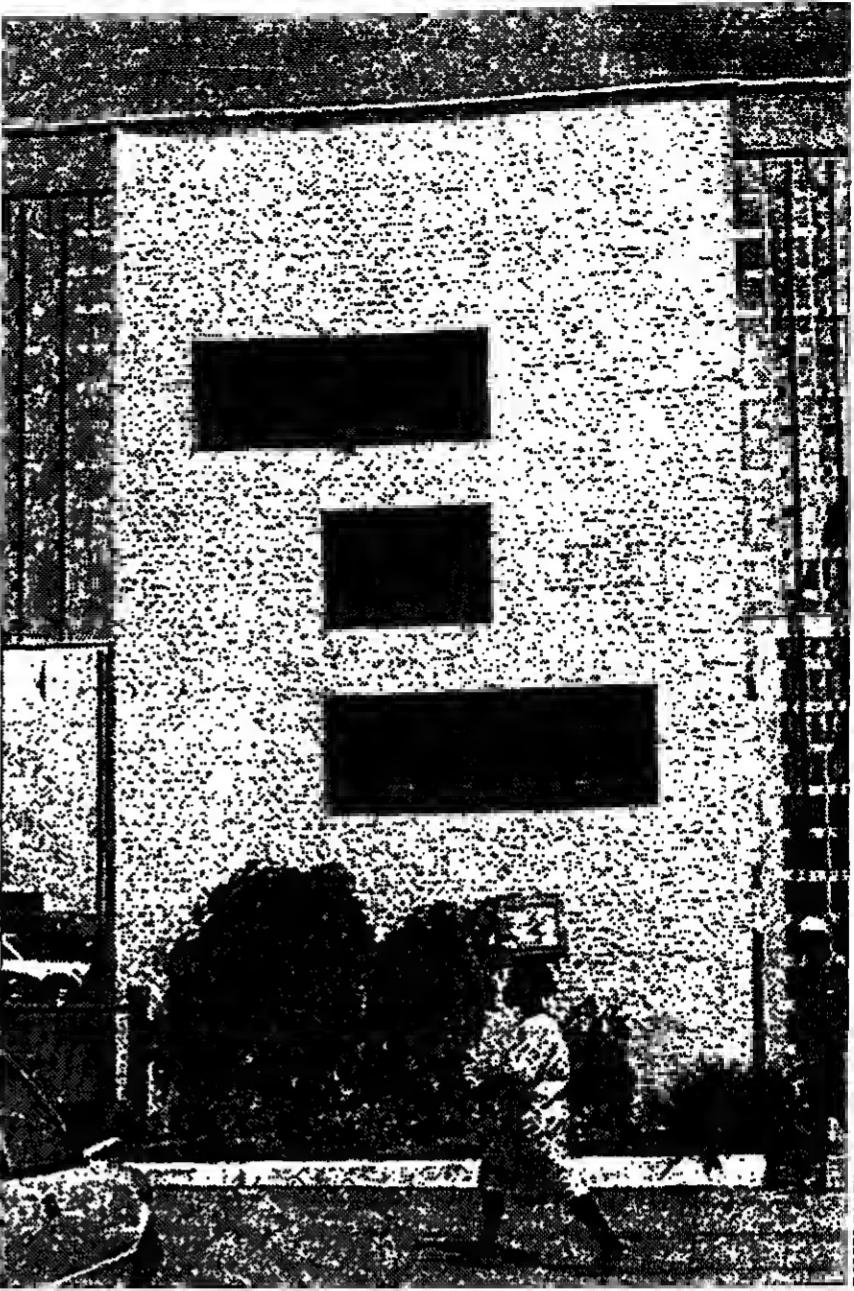
But even as the financial sector brings itself into line with international norms, bankers are constrained in their ambitions by the visibly damaging effects of high inflation, which has brought the economy close to what

one banker calls a "shaky standstill." "The current level of inflation is not tolerable for consumers or manufacturers," says Mrs. Lokko. "One of our main areas of concern is the availability of credit for manufacturers and the agricultural sector. We want to assist them, and a great deal is expected of the banks, but if interest rates continue to be as high as they are, there will be a problem."

**Back on track**  
Bank of Ghana Governor G. K. Agama issues soothing words of reassurance: "We believe that we are coming back on track in consolidating monetary stability," he says. "The key is to make sure that the budget runs in balance." Mr. Agama sees 1995 as the critical year for the creation of an environment that will allow for the promotion of the private sector on a large scale.

Finance Minister Kweisi Botchwey's prescription for high inflation is a promise to mop up liquidity in the system with the help of secondary market or open market instruments. The central bank is exploring the use of such instruments with the financial community and is encouraging more mortgage-type activity by nonbank financial institutions and the Ghana Stock Exchange.

In reference to the falling value of the cedi, Mr. Botchwey also promised more prudent fiscal policies this year to help to reduce the pressure on the currency. For his part, Mr. Agama is confident that the cedi is sufficiently depreciated to ensure the competitiveness of Ghana's exports, and he is hoping that a continued rise in the value of "nontraditional exports" over the coming year will bring substantially more foreign exchange into the system.



Modern architecture symbolizes the new age of Ghanaian banking.

ROBERT DALEY

## POST-APARTHEID CONTACTS GROW

*South Africa's mining houses lead the way to reconciliation and more trade.*

In the bad old days when it was South Africa's policy to destabilize African opponents of apartheid, Ghana might justly have feared bugs planted by the secret police, BOSS. Now, since Nelson Mandela has made South Africa a respectable place to do business with, Ghana is expecting a large increase in legitimate trade.

The first big deal was Ashanti Goldfields' purchase of sulfide-eating "bugs" from Gencor, formerly the mining house of the Broederbond, the secret Afrikaner brotherhood responsible for many of the country's evils.

Most of the major Rand mining houses are either exploring or mining in Ghana. Gencor, now markedly progressive, has just bought the Billiton Bogosu mine, the fourth-largest in the country (109,000 ounces exported in 1994). It had earlier failed to acquire control of Lonrho's mining interests, which included Ashanti Goldfields.

JCI (Johannesburg Consolidated Investment) operates the state-owned Prestea Mine, which it is expected to buy soon as part of the privatization process. The mine pro-

duced 20,000 ounces, making \$7.3 million last year. Goldfields SA has already bought the state-owned Tarkwa mine, Anglo American has an office in Accra and is prospecting for gold.

The most famous name of all, De Beers, is managing Ghana Consolidated Diamonds, the sole overseas company mining diamonds. John Hsuan, the British general manager, says the decision to carry on will be made in August with the completion of a long-term viability study of the Birim Valley, where the mine is situated.

Reserve trade is small by comparison. Ghana Airways now flies once a week to Johannesburg via Harare and will fly twice weekly beginning in July. The timber industry reports that South Africa is rapidly becoming an important destination for Ghanaian products.

Later this year, the Export Promotion Council plans to take Ghana to Cape Town with a handicraft exhibition, a trade and investment conference and performances by the Ghana Dance Ensemble. D.H.

Inflationary pressures are created by the annual surge of money into the cocoa-growing areas during the buying season. Last year, the farmers were unusually cash-rich as world prices stayed firm and the buying system became notably fairer to the farmers,

fetching them around 60 percent of the world price, instead the lower returns that prevailed for many years. In addition, the value of the cedi tends to be dictated by the high demand for dollars during the two seasons of substantial demand for imports at Christmas and Easter.

Despite current uncertainties, there is no doubt that numerous opportunities still exist for the emerging financial sector. Areas of potential growth are provided by the challenge of bringing

more cash into the banks, by the urgent need to generate more investment internally and by the proposed flotation of the GCB, the National Investment Bank and the Social Security Bank.

Financial sector adjustment is set to continue and gather pace, but there are some testing times ahead. Neither the government nor the bankers are yet sure how long it will be before their reforms will start to generate genuine productive investment for accelerated growth. R.S.

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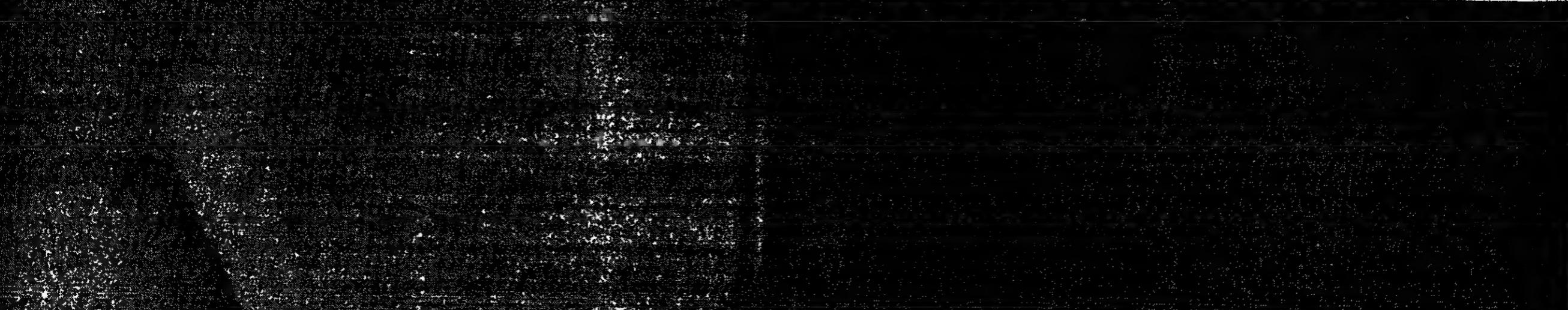
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SPONSORED SECTION

## TRAWLING FOR INVESTMENT BRINGS IN PROMISING CATCHES

*Sale of Ashanti Goldfields shares opens the way to expansion of stock exchange.*

Ghana has probably done more than any other country in Africa to encourage new investment in all areas of its economy. Though the flow of direct investment is still lower than hoped, Ghana's open-door policies are clearly paying off as increasing numbers of foreign companies send missions to Accra to check the opportunities.

"Every week, I hear of more foreigners opening bank accounts at our main branch in Accra," says the managing director of Ghana Commercial Bank, Helen Lokko. "I don't know if their plans will materialize into actual investment, but the level of interest in Ghana is certainly increasing. This is a ray of light. Whether it becomes a beam remains to be seen, but if there is peace and stability in Ghana, there is no reason why not."

Mrs. Lokko's optimism is reflected in many offices around the capital. There are indications that Ghana has arrived on the world business travel map, perhaps helped by the fact that it is a convenient and pleasant midway stop between Europe and South Africa, with improving airline connections throughout Africa and the wider world. And just as the air travel routes have diversified, so have the methods of investment in Ghana.

**Windfall for government**  
The most dramatic opening up of Ghana to foreign investment came last April with the sale of shares in Ashanti Goldfields Corp., institutional and other investors from around the world snapped up 17 million shares put onto the London Stock Exchange, earning the government \$360 million.

The immediate benefits to Ashanti Goldfields were a sharp increase in the company's valuation — now standing at \$1.7 billion — and access to capital for gold mining investment in Ghana and throughout Africa. The additional sale of 4 million Ashanti Goldfields shares to Ghanaian buyers produced a surge on the tiny Ghana Stock Exchange, raising the market's capitalization from \$140 million at the beginning of 1994 to \$1.8 billion at the year's end.

Another boost to this fledgling market came in February 1994 with the disposal to foreign funds of the government's shareholdings in seven listed companies, raising \$25 million.

The GSE currently lists 17 companies, up from 11 at the time the market was launched in November.

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'AKWAABA' TO GOOD BUSINESS IN GHANA!  
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Gold bars, the end product of the Obuasi mine of Ashanti Goldfields, are worth their weight in export earnings.

1990. The value of shares traded has grown over the years, from less than \$1 million a year until 1993, when trading reached \$4.6 million. Trading jumped dramatically to \$73.5 million last year.

A review of 1994 by brokerage firm Databank states: "The Ghana Stock Exchange has become one of the most popular emerging markets in the world. . . It is difficult to predict whether 1995 will surpass the outstanding performances of 1993 and 1994; however, steady and sustainable growth fueled by privatization should position Ghana as an attractive market for long-term investors."

**Investment houses**  
The deepening and broadening of Ghana's financial sector has led to what one of the country's leading bankers, Afari Donkor of Cal Merchant Bank, calls "a beautiful collection of institutions for facilitating all kinds of investment," including discount houses, leasing companies, corporate financing houses, financial boutiques and a venture capital fund.

"I can see Ghana developing as a financial center," Mr. Donkor says. "What we now need is to build confidence, to improve our telephones, roads and hotels, and to start thinking on a broader, subregional scale."

Foreign investors are beginning to arrive in areas other than mining and finance. Among the more significant newcomers are Coca-Cola International, Metal Box, AT&T, Millcomm (mobile communications) and Starkist (tuna canning), helping to bring the total of U.S. companies operating in Ghana to 43.

There is also a growing contingent of companies from Far Eastern countries — at the latest count, 35 from Hong Kong, Taiwan and South Korea — with activities ranging from metalworking and paper manufacture to fishing and tourism.

The Ghana Investment Promotion Center hopes that recent changes to the investment code will help stimulate new direct investment to a more substantial level than the past three years' annual average of \$35 million (the figure does not include the mining sector or flows via the stock exchange).

"We feel we should be able to bring in more than \$100 million a year," says GIPC's acting chief executive, Kweisi Ahwoi. "At that rate we could be creating 10,000 new jobs a year."

The regulatory environment

could hardly be more conducive. The investment law of September 1994 removed the necessity of specific approval for new projects.

"The government acceded to the request of the private sector to remove all the GIPC's regulatory functions and to leave its promotional functions," explains Mr. Ahwoi. "Now there are entirely automatic mechanisms for non-dutiable investment capital items, as well as for tax holidays and customs and immigration requirements. This is a very significant departure from past practice."

He adds: "We have met all the expectations of the private sector. Ghana has security of establishment, free transferability of profits and dividends, safety for the individual and guarantees against expropriation. We are still a flagship of structural adjustment, and we have even exceeded expectation in our liberalization process. All goods can freely enter the country. Although our industrialists are complaining, we feel that protection would breed inefficiency."

**Selling campaign**  
Unperturbed by the apparently slow response of investors to date, the GIPC sales team is planning a relentless campaign to sell the country's comparative advantages in agro-processing, horticulture, fishing and light industry. GIPC hopes over the coming months to attract investors from South Africa, Germany and the Nordic countries.

A hard-headed view is put forward by the chairman of Unilever Ghana, Ishmael Yamson: "Multinationals do not invest in a high-inflation

environment. We are still waiting for the stabilization that has been promised for the past two years. It is a matter of confidence."

But despite this criticism, Mr. Yamson concedes that there is an encouraging openness of debate about economic policy, and he is confident that the government is carefully listening to the demands of the private sector for more control over public spending and inflation.

His long-term prognosis remains positive: "If the cedi can be kept competitive within the West African region, we can develop our manufacturing competitiveness, whether it is in textiles, agro-processing or other products. All Ghana needs is greater focus to develop its

areas of competitive advantage."

Paralleling the concerns of the multinationals are the challenges confronting small and medium-sized Ghanaian entrepreneurs, which are the best placed to set in motion a broad diversification of the economy, but are also the hardest hit by high inflation and interest rates.

The Bank of Ghana is being strongly urged to explore innovative ways to stimulate small-scale investments. As inflation begins to come down, there is every prospect that investor confidence will improve.

Great hopes are being pinned on the channelling of hundreds of millions of dollars held by Ghanaians living abroad into productive enterprises. R.S.

## SIMPLIFIED MINING LAWS PUT GOLD BACK IN FRONT

*Production soared last year to five times what it was in 1984.*

**T**he Gold Coast is being reborn in modern Ghana, not as a reversion to its colonial name, but as the motor that might get the economy into orbit. Activity is feverish. Foreign and Ghanaian prospectors comb the land believed to contain one of the world's largest and richest reserves of gold.

A Canadian firm conducting an airborne geophysical survey will soon reveal more of the secrets buried in the mineral-rich southwest. Production soared last year to 1.4 million fine ounces, five times what it was in 1984. It could reach 2 million by 1997. Last year, gold earned Ghana \$538 million, easily the largest contribution to the national coffers.

At the forefront of this activity is Ashanti Goldfields, whose flotation on the London and Accra stock exchanges last April was a landmark in the country's economic progress.

**Incentives offered**  
The upsurge in activity was a direct outcome of the deregulation that simplified the mining laws in 1986. Minerals Commission chief Kofi Ansah says it offered an incentive to mine lesser-grade ores. "Before that, Ashanti was concentrating on the rich ore," he says.

As a result, Teberebie Goldfields, in which the Pioneer Group of Boston has the largest share, has moved from a standing start in 1990 to become Ghana's second-largest producer. It has low-grade ore, says Mr. Ansah, but also a good low-cost operation.

Another recent arrival, Douglas Chikohara, Zimbabwean general manager of the concession at Ayanfuri of the British company Cluff, says the potential for gold is as good in Mali, Guinea and Burkina Faso, "but there they have no clear-cut mining law and everything is negotiable."

He continues: "Here they have laid down the parameters of how to operate. The red tape has been cut. I've been here since 1988, and I don't know where the visa office and the tax office are. It's a one-stop operation. Everything goes through the Minerals Commission."

The new mining code coincided with the appointment of a dynamic 37-year-old Ghanaian, Sam Jonah, to run Ashanti Goldfields. His predecessors had been seconded from Lonrho (which still owns 43 percent of AGC). The new managing director knew how to react to the liberal regime. In the course of a \$600 million, three-stage expansion,

the company has changed from a small, high-grade mine to a large, capital-intensive medium-grade mine. It was funded by the International Finance Corporation, the World Bank's private investment arm, and from company profits.

### Bugs eat sulfide

The most striking technological innovation at Obuasi is the BIOX bacteria process, in which a living organism, Thiobacillus Ferrooxidans, literally eats the sulfide out of the gold ore. Previously, the ore was roasted, losing arsenic and sulfur gases into the atmosphere and stripping the hillsides of vegetation. BIOX locks up these harmful elements in a stable form and deposits them.

BIOX was developed by the South African company Gencor and was sold under license to AGC in 1992. "You can imagine talking to a team of bankers about lending \$135 million for a plant dependent on bugs," says Tony Cox, strategic planning general manager at Obuasi mine of Ashanti Goldfields.

The process is more expensive — \$17 a ton, against roasting's \$12 a ton — but it recoups \$15 a ton by producing purer gold. "We don't just do it to be environmentally friendly," says Mr. Cox.

Mr. Jonah has warned that "there must be a limit to what Obuasi itself can do." In February, he announced plans for a subsidiary in Mali, where deposits could be on the same scale as Ghana's. AGC already has offices in Eritrea and Ethiopia, and the company is prospecting in Namibia, Senegal, Mozambique and Guinea. Ashanti Goldfields is well on the road to international mining house status.

Meanwhile, Ghana itself is the object of lively interest from Canadian, American, British and Australian companies. And since the demise of apartheid, three South African mining houses — Anglo, JCI and Gencor — have acquired mines or are deep into prospecting. De Beers will decide in August whether to operate the state-run Birim Valley diamond mine.

The future looks bright, says the Mines and Energy Minister Kwame Peprah, who doubles as the AGC chairman. "Mining is the one sector that has consistently outperformed the rest of the economy — it is the magnet around which a lot of things happen, and I'm thinking in particular of foreign exchange and employment generation," says Mr. Peprah. D.H.

## ARE YOU INVESTING IN GHANA? TRUST US TO ASSIST

An agency of the Government of Ghana for the encouragement and promotion of private investments, the GHANA INVESTMENT PROMOTION CENTRE (GIPC) provides the following services.

### INVESTMENT INFORMATION

relating to investment opportunities; sources of investment capital and joint-venture possibilities.

### INVESTOR SUPPORT SERVICES

such as liaison between investors and Government agencies, institutional lenders, etc./procurement of authorities and permits required for the establishment and operation of enterprises.

### ESTABLISHMENT PROCEDURES

— Excepting Mining and Petroleum sectors, enterprises in all other sectors of the Ghanaian economy are free to establish without prior approval from the GIPC. However, all such enterprises should be duly registered with the Registrar General's Department under the Company's Code (Act 179).

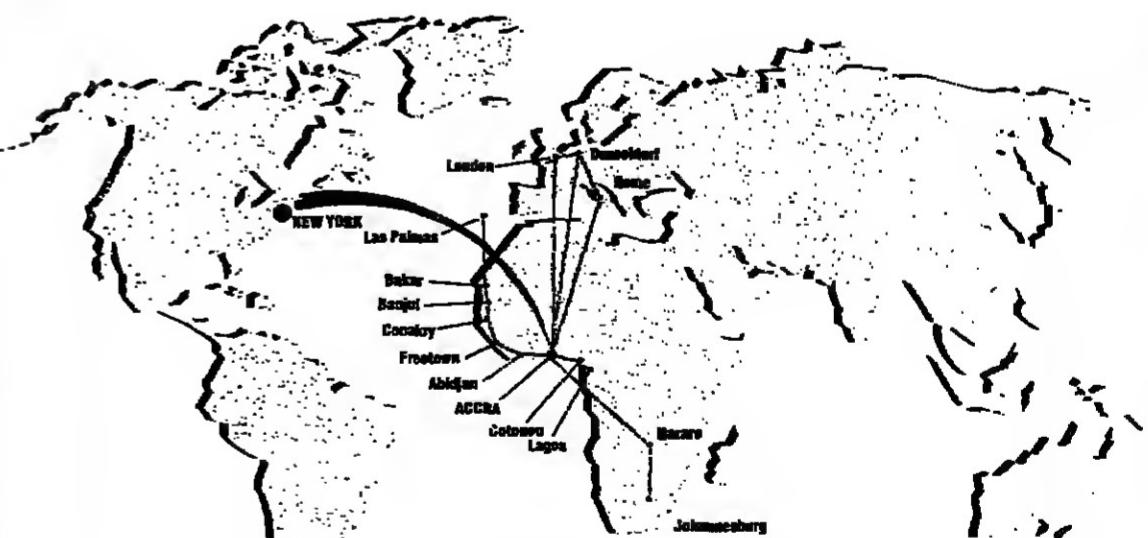
Enterprises with foreign participation are required under Act 478, to register with the GIPC.

— Enterprises seeking exemption from customs import duties and related charges should contact Customs, Excise and Preventive Services (CEPS) directly with their invoices for automatic clearance of such investment capital goods as zero rated under GIPC Act 478.

— Generous tax incentives (including tax holidays, accelerated capital allowances, loss-carry-over, etc., etc.) available too all categories of investors are administered directly by the Internal Revenue Service (IRS).

Ghana opens her doors to investors to undertake profitable business.

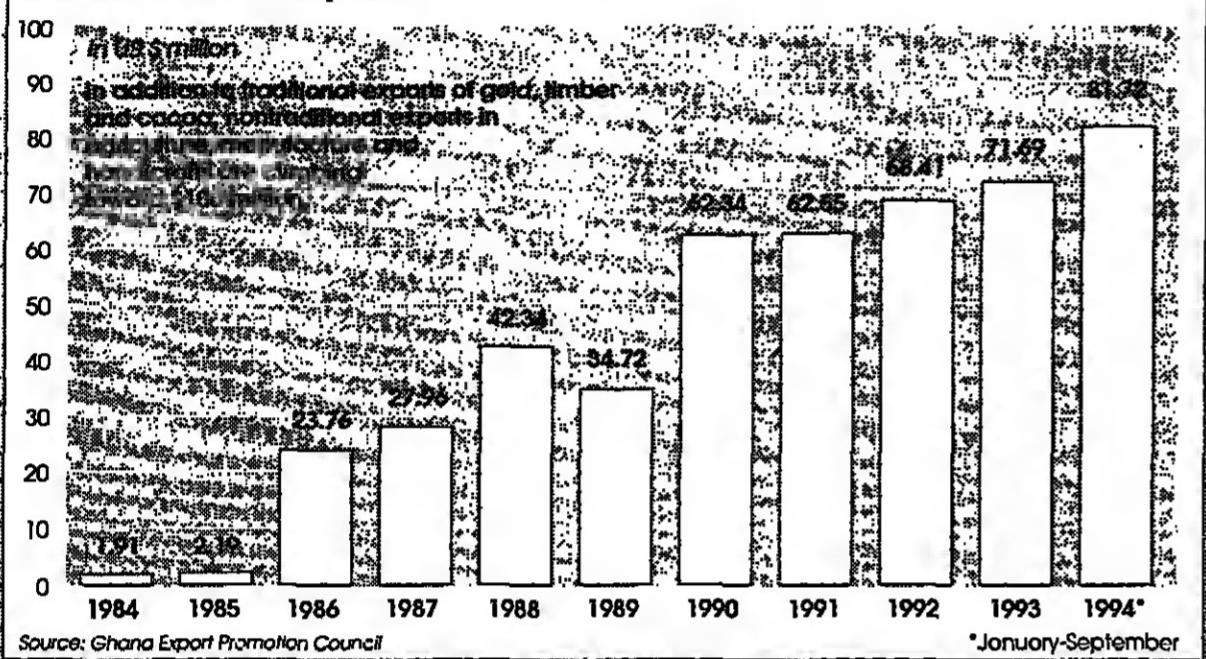
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**GHANA****Nontraditional Exports****NONTRADITIONAL EXPORTS GAIN GROUND***The Export Promotion Council has a success story to tell in promoting agriculture, manufacture and handicrafts.*

**G**old, slaves, rubber, palm oil, cocoa and timber were the "raw materials" shipped to the West from Ghana over a period of 500 years, without much benefit to Ghana. Planners have long realized that the volume of these "traditional exports" cannot be expanded indefinitely.

Cocoa production is limited by the forest timber, by the conservation lobby. Even gold reserves are finite. Today, this trinity still accounts for over 80 percent of export earnings, and Ghana is attempting to do more processing to ensure that value is added to raw materials inside the country and not in a faraway factory in Europe.

"We want to sell and not have to buy all the time," says Trade Minister Emma Mitchell. "We don't want to be seen just as traders. We have the ability to become a manufacturing nation."

After the economy hit rock bottom in 1982, it was decided that recovery, to be successful, would have to be export-led. The Export Promotion Council, which had existed ineffectively for many years, now concentrated on three sectors of processed and semiprocessed "nontraditional exports" — agriculture, manufacture and handicrafts.

**Gaps in the market**  
The figures are modest, but this effort has been a quiet success story. From under \$2 million in 1984, exports have climbed toward \$100 million in 1994. It is a matter of finding a gap in the European or West African market and going after it aggressively. Highlights in 1993 included: pineapples, \$5 million; fish products, \$14.5 million; builders' woodwork, \$11.4 million; shea nuts, \$34.2 million; aluminum sheets, coils and plates, \$3.5 million; basketware, \$235,000 (mostly to Germany); cocoa products and sweets, a disappointing \$8,000 (\$20,000 the previous year).

The Export Promotion Council looks for exportable products and locates markets for them. There are eight production villages in Bolgatanga in the Upper East region where farmers or artisans work on fish products, canoes, cashew nuts and baskets. A kente cloth village is planned near Kumasi. The products reflect Ghana's strengths — agriculture, fisheries and forestry. As Minister of Agriculture Ibrahim Adam says, "Agriculture will be, for a long time, a very important feature of our national recovery program."

Handicrafts are a small part of the export story, but Aburi Industrial Center shows how, with UNDP funds and state encouragement, markets can be found. Before 1989, carvers were scattered in the towns and villages on the hill, an hour's drive from Accra. Now, 150 carvers work in 43 kiosks lining the main road, each with a set of apprentices who may one day become members themselves. There is a social purpose too, in giving local youth, among whom are two girl apprentices, a reason not to migrate to the cities. The craftspeople can get together to

Development project, while the World Bank-financed Agricultural Diversification Program assists those in horticulture and non-cocoa tree crops.

The government offers generous incentives to exporters. Where a large capital outlay is required, joint ventures with foreign companies seem the best road to take. (A Ghanaian without access to hard currency would have to borrow cedis at 39 percent.)

Plans to set up Export Processing Zones in the ports of Tema and Takoradi are expected to materialize this year. These EPZs have had mixed success elsewhere in Africa and South America, but Tawia Akyea is confident of attracting European industrialists and bankers.

"We will provide the legal framework for private business to run it rather than the government," he says. "We will give away our customs revenue, but will benefit from training, wages, technology transfer and service contracts."

**Tuna production**  
This might just lead to the local manufacture of costly imports like insecticides and spraying machines. Ghana could also become a point of access for the region, with, for example, storage and distribution facilities for rice imported from Thailand.

For many years, popular tuna flakes and chunks had to be imported, but recently they have been processed in Tema at a plant rehabilitated by a Puerto Rican fish company, Starfish, at a cost of \$8 million. This means jobs for Ghanaians and tuna for both local consumption and export — a dual benefit of import substitution and export possibilities.

On the other hand, confusion reigns over a promising banana export scheme to Spain and France. The Dutch plantation owner was led to believe that the European Union would grant a 10,000 ton bananas quota. But the recommendation by the ACP Council of Ministers was not confirmed by Brussels, and he faces ruinous tariffs.

Ghana's trade deficit stood at \$400 million last year, which is \$274 million better than 1993. To sustain this improvement, it must attract the sort of investors who have confidence that this is one West African country that can both manufacture and sell.

D.H.

**GOVERNMENT INCENTIVES**

The following are incentives that the government offers to exporters.

- Export Retention allows exporters to exchange 100 percent of foreign exchange earnings from nontraditional exports into cedis at competitive rates.

- Corporate tax rebate: Individuals or companies engaged in agricultural production and exporting some or all of production can claim 45 percent to 75 percent of tax liability back.

- Customs duty drawback allows exporters to draw back up to 100 percent of duties paid on material imported to produce goods for export.

- Bonded warehousing: A customs license is available to manufacturers for storing imported raw materials for use in exports, without paying duty.

service a large order from Accra dealers or the American market.

Nii Amartei, the most successful member of the Aburi cooperative, turned over \$15,000 last year, including orders from MorAfrica Ltd. for masks, figures and decorative pieces for shops in California. Most of the men have improved their earnings, helped by a benign landlord who asks for no more than a sheep and a bottle of schnapps as annual rent.

Budding capitalists might be helped in acquiring business skills by the government's Private Enterprise Export

## Introducing . . . The Cocoa Processing Company

The Cocoa Processing Company Limited, based in Tema, near Accra is a wholly-owned subsidiary of the Ghana Cocoa Board and was incorporated in November 1981 as a Limited Liability Company.

Cocoa processing in Ghana however dates back to 1947 when Gill & Dutius of London, England established a milling plant in Takoradi. This plant was taken over by the Ghana Cocoa Board in 1982.

At the time of its incorporation, the CPC comprised of four processing factories and the primary objective of the incorporation was to ensure effective co-ordination of their operations. Two of the factories, then situated in Takoradi have since been divested, leaving the other two, PORTEM Cocoa and PORTEM Confectionery factories in Tema.

The former processes raw cocoa beans into semi-finished products i.e. cocoa butter, liquor, natural/alkalised cake or powder. The Confectionery Factory manufactures the Golden Tree chocolates, couverture, pebbled and Vitaco Instant Chocolate drink.

For the manufacture of cocoa products, CPC Factories use the choicest premium Ghana cocoa which is the distinguishing characteristic of the world's cocoa trade.

Through intensive research and product development, CPC is turning out products which meet the qualities of international specifications and standard which will ensure consumer satisfaction and open new markets.

To this end, CPC has opened its doors to any entrepreneur who is interested in working with us to develop a product for any particular market segment.

Golden Tree chocolates have attained international distinction by winning local and foreign awards.

PORTEM Confectionery has thrice won Gold and Silver medals in 1980, 1982 and 1989 in best quality confectionery products in International competitions organised by the Monde Selection of Brussels, Belgium taking the first position in each case. It has also won Gold medals in International Trade Fairs organised in Japan, Bulgaria, Cuba and the United States of America.

The manufacture and marketing of semi-finished cocoa and chocolate products offer a very keen competition. It is a dynamic industry where the rate of change of both machinery and products is quite high.

Like other renowned chocolate manufacturers, the Cocoa Processing Company strives to be abreast with changes and time in order to cope with the inherent keen competition and survive in the profitable business.

To meet the challenges posed by the international and local markets, a systematic and selective rehabilitation programme has been on course since 1984.

At the end of the rehabilitation, beans throughput and output of various products are estimated as follows:

**COCOA PROCESSING**

|   | Tonnes |
|---|--------|
| Beans   | 20,400 |
| Liquor Output   | 16,626 |
| Packed Liquor for sale  | 1,500  |
| Liquor for pressing   | 15,126 |
| Butter for sale   | 7,336  |
| Cake for sale   | 7,790  |
| There is room for expansion to process 25,000 tonnes of cocoa beans |        |

**CONFECTIONERY**

|                      |       |
|----------------------|-------|
| Chocolate            | 2,000 |
| Couverture           | 200   |
| Pebbles              | 300   |
| Instant Cocoa Powder | 1,200 |

There is also room for expansion of chocolate to 5,000 metric tonnes. Pebbles 1,000 metric tonnes, Instant Cocoa Powder 2,000 metric tonnes and other Confectionery products 1,000 metric tonnes.

For two consecutive years 1992/93 and 1993/94 Cocoa Processing in Ghana proved to be profitable in the country of origin making a substantial net profit. The returns on sales (i.e. net profit) on sales for 1993/94 was 14.9% and added value to the cocoa beans processed was 21.9% and 27.5% in 1992/93 and 1993/94 financial years respectively.

Enquiries for further information should be addressed to:

The Managing Director  
Cocoa Processing Company Limited  
Private Post Bag  
Tema Ghana

Tel: 233 221-2926 or 2914 or 6375

Fax: 233 10221 6657 or 233 (021) 665076

Telex: 2082 COCOMAK, ACCRA.



Paul K. Awua  
Managing Director



J.P. Dicks 15/0

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INTERNATIONAL HERALD TRIBUNE, MONDAY, MARCH 6, 1995

PAGE 17

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GHANA

## CAPITAL IS NEEDED TO KEEP FORESTS AS A CONTINUING ASSET

*Kiln drying provides the means of reducing the amount of raw timber being exported from Ghana and of adding value to logs.*

Ghanaians say that gold, cocoa and timber are the Big Three of the economy (with tourism coming up fast). Timber is demanding increased attention these days. Ghanaians have taken to board the lesson of Brazil's disappearing forests. Now the talk is of "downstream processing," "value addition," "enhanced recovery rate," and "efficient utilization of installed capacity."

Ghana has been exporting timber for over 100 years. Today it has only 1 percent of the world's tropical timber market, but 60 percent of production is sold abroad, yielding \$230 million in

1994. The industry supports 250,000 people, with perhaps six times that figure when families are taken into account. With its 55 sawmills, the economy of the second city, Kumasi, depends heavily on timber, as does the port of Takoradi, through which it is shipped.

Forest Reserves, which are vested in the state, make up 20 percent of Ghana's land surface. A further substantial area of forest is privately owned. There are 680 separate tree species, though only 70 are being commercially exploited for local and foreign sales. The most sought-after, *wawa* (soft

wood used in form work) and *iroko* (a hardwood for windows and doors), account for 40 percent of exports.

### Colonial inheritance

Sam Appiah, managing director of the Timber Export Development Board, says a history of good management was inherited from the colonial era, but in the early 1980s, exports fell disastrously. "The general economic climate was so bad and the cedi so overvalued that it was no longer profitable to export," he says. "So we sold to the local market, and there was no money

for the industry to re-equip." Now, with the currency realistically priced, money is coming in from exports and international aid, and forest management is being modernized.

The main thrust of timber policy is to reduce as quickly as possible the amount of raw timber (round logs) being exported. Nineteen of the key commercial species are on the banned list. The ultimate intention, says Mr. Appiah, is to export only processed timber — not just sawn logs — in the form of furniture components, joinery, doors and moldings for Europe's homes and offices. The equation "less volume equals more value" is a dramatic one. Sawn timber fetches more than double the price of logs on foreign markets.

For the moment, there will be no outright ban on round logs because the World Bank has asked Ghana not to impose one. The biggest customers are China and Korea, which last year bought up 80 percent of Ghana's raw exports, following round log bans by their traditional suppliers, Indonesia and Malaysia. But Ghana expected to soon introduce a graduated system of levies, ranging from 10 percent to 30 percent, on round logs, which could include the *kyenkyen*, *ceiba* and *yazz* used in the east for transformation into plywood.

**World Bank funding**  
The key to the new policy is kiln drying. Sawn wood takes seven to eight months to dry under natural conditions. Dried to a kiln, the time is reduced to four days, or a fortnight for thick wood. Transformation from raw to sawn timber is the most important value-adding stage. No other transformation offers such instant profit.

A kiln imported from Germany or Italy costs \$100,000, and some mills need four of them. Few local businesses can lay their hands on that amount of foreign currency. The problem is being overcome by a consortium funded by the World Bank, which has helped the top 30 sawmills, accounting for 80 percent of earnings, to acquire kilns.

The bank has also paid a Norwegian consultant to advise on the installation of the kilns and training in the new technology. And a wood industries training center will

more than one-fortieth of the forest to be logged each year, allowing time for tree regeneration.

### Poaching declines

Forest management is becoming tougher and more professional. Ghana imposes a number of levies intended for a reforestation fund, and it is creating new timber plantations, though not as quickly as it would like.

The end of illegal logging may be near, with many former timber poachers now joining the respectable Chain Saw Operators Association or the National Timber Task Force. Those who have not registered face the consequences of a decree that permits confiscation of vehicles, trees and equipment.

The industry magazine, Ghana Gazette, points out that illegal logging can upset careful forest management plans meant to ensure a sustained supply of particular species of timber.

Meanwhile, a glimpse of what the future could look like was seen outside Takoradi last July when a millionaire-dollar sawmill geared for the Japanese market opened.

The mill is the biggest in the world for tropical timber and is designed to cut timber to the specifications of the Japanese market.

The mill's owner, Peter Donkor, helped by the African Development Bank, has equipped the mill with Japanese machinery. The utilization of logs will be so economical that only the bark will remain unprocessed. Mr. Donkor says that he might send it to his father for medicinal purposes.

With more factories like that, no one will doubt that forestry is worthy of its place in the Big Three.

D.H.

## TELECOMS

### MOBILE TELEPHONES POINT THE WAY TO THE FUTURE

*Competition and preparations for privatization lead to wider choice.*

Such is the competition for opening up the telecommunications potential of Ghana that there may soon be an embarrassment of choices, instead of the shortage of telephone lines that has plagued the country in the past.

Millicom (Ghana), a subsidiary of Millicom International Communications of Luxembourg, has been the leader in establishing a working mobile communications service, known as Mobitel.

With investment of \$5 million since 1992, Mobitel has 3,000 subscribers in the Accra/Tema area and plans to extend coverage to most of the rest of the country, using a satellite system.

In recent months, a number of would-be competitors have announced plans to enter the mobile communications fray and have acquired the necessary permission from the Posts and Telecommunications Corporation for interconnections, using various state-of-the-art types of technology.

Meanwhile the PTC itself — in con-

junction with Motorola of the United States — is introducing a "fixed cellular" network of its own for around 300 subscribers in remote areas where no telephone system exists.

Expansion of other parts of PTC's telephone network is continuing with help from Japanese and French development agencies. It is the government's target to increase the number of telephone lines from 48,500 to 80,000 by the end of 1995.

More substantial development of Ghana's telecommunications potential is sure to follow before the end of the decade.

The immediate challenge for the PTC is to prepare for privatization. This route forward has been approved by the government in the hope that it will open the door to more substantial investments running in parallel with the overall expansion and growth of the Ghanaian economy.

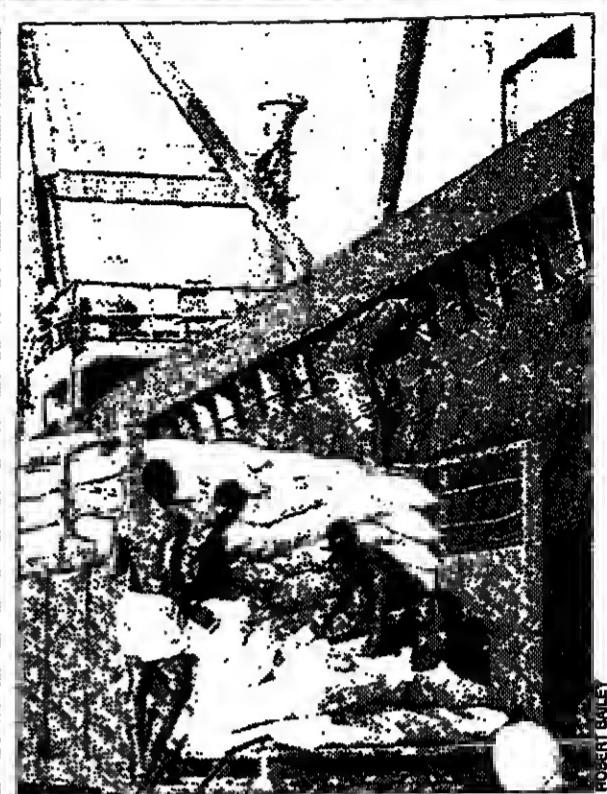
R.S.

open at Akyawkrom near Kumasi in June.

The export of kilo-dried lumber has risen from 14,000 cubic meters in 1991 (when separate figures were first available) to 60,000 cubic meters last year. The rise will be at least as steep in the coming years. Mr. Appiah says: "Last year we made \$200 million from timber. If we export kiln-dried, planed wood, that could be \$400 million. So in the next five years, we average, by conservative estimates, \$320 million."

There could be biocups, even if things go according to plan. The population is growing at 3 percent, and if the economy picks up, domestic demand for timber will soon rise above its current 40 percent (137,000 cubic meters, compared with 200,000 cubic meters exported). That could disturb the policy of permitting no

## PORTS



### TEMA'S AMBITION: TO SERVE REGION

Among shipping companies familiar with the West African trade, Tema port has a reputation for efficient cargo handling, good security and quick turnaround times.

The mill's owner, Peter Donkor, helped by the African Development Bank, has equipped the mill with Japanese machinery. The utilization of logs will be so economical that only the bark will remain unprocessed. Mr. Donkor says that he might send it to his father for medicinal purposes.

With more factories like that, no one will doubt that forestry is worthy of its place in the Big Three.

D.H.

sign, and we want to create deeper berths for third-generation vessels."

Further modernization is planned for both Tema, which serves the eastern half of Ghana, and Takoradi, the country's main outlet for minerals, cocoa and timber.

A 15-year master plan is being prepared with the help of the European Union that includes the construction of new quays, stacking areas and sheds.

Tema currently handles over 4 million metric tons of goods, mainly imports, each year, but it has the potential to triple its capacity in the coming years.

R.S.



## GOVERNMENT OF GHANA DIVESTITURE OF STATE INTEREST IN ENTERPRISES

**A**s part of the Economic Reform Programme/Structural Adjustment programme, the Government of Ghana is seeking to remove the constraints of the country's economic performance. Acting through its agent the Divestiture Implementation Committee the Government is divesting itself of a number of enterprises. Whilst a large number of these State-Owned-Enterprises are in manufacturing and agriculture, including cocoa/coffee/rubber plantations, poultry and fishing, others are in mining, hotel and timber industries. They include large state-owned concerns such as Cocoa Processing Plant, Tema, Ghana Publishing Corporation — Printing Press, Tema, Meridian Hotel, Ghana Rubber Estates, Bonsa Tyre Company, State Transport Corporation, Gihoc Fibre Products Company, Kumasi, Gihoc Footwear Company, Kumasi and Twifo Oil Palm Plantation.

### MODE OF DIVESTITURE

Divestiture of these enterprises takes different forms including sale of assets or shares, joint ventures, management buy outs, leases, contract management etc. However, investor's preference would be taken into serious consideration.

### INVESTMENT INCENTIVES

Investors and their investments in enterprises defined under the Divestiture Programme are entitled to all rights, privileges and incentives as well as the protection of both local and international agreements. The new Ghana Investment Promotion Act has removed constraints on both local and foreign investment and freed it from unnecessary bureaucratic controls.

### INVITATION TO PARTICIPATE

The Government of Ghana is fully committed to the Divestiture Programme and accordingly invites all interested investors, to participate in the programme. Interested persons should formally register their interest with DIC. After receipt of the completed registration form the DIC will provide you with:

- an entry permit to allow you to appraise the assets and operations of the enterprise,

■ a briefing document which summarises the history, assets, financial and operating information of the enterprise,

■ a valuation report giving the up-to-date value of buildings, plant and machinery.

After your assessment you should submit a detailed proposal that should include the following:

- a Business Plan
- financial forecast for at least five years
- estimates for rehabilitation expenditures
- project cost and financing plan
- the divestiture option — lease, joint venture, outright purchase, etc
- evidence of guarantee from funding organisation
- references and credentials of technical partners
- the offer and terms of offer
- a bid bond of 10% of the offer price to be converted into a non-refundable commitment fee and part payment once the sale has been approved.

Proposals are evaluated, in accordance with established procedures of the Divestiture Implementation Committee which include both price and non-price criteria.

### ENQUIRIES

Prospective investors should address any enquiries to:

Executive Secretary  
Divestiture Implementation Committee  
F/35/5 Ring Road East, North Labone  
P.O. Box C102  
Cantonments, Accra Ghana  
Telephone 772049 and 773119  
Telex 2516 DIC GH  
Fax 773126  
Accra Telephone Code 021  
Ghana International Code 233

# GHANA

## COCOA CONTINUES TO PLAY LEADING ECONOMIC ROLE

*Comprehensive reorganization places the farmer above the bureaucrat.*

The Aztecs and Mayans of pre-Columbian America valued cocoa so highly that, apart from eating and drinking it, they used it as a medium of exchange. In modern Ghana, it is pictured on the currency and, more important, the healthy cocoa market is viewed as vital to the resurgence of the economy.

Cocoa is the one product specifically excluded from the portfolio of the minister of agriculture. It is managed by the Cocoa Policy Unit, located inside the Castle in Accra, near the president's office. The man in charge, K. J. Adjei-Maafo, known as the "cocoa minister," says that although it has been overtaken by gold as the main earner of foreign exchange, cocoa is as important as ever.

"The strategic role of cocoa is not just what it earns for the country, but the huge social impact it has," he says. "Gold provides work and support for fewer than half a million people, but with 1.6 million cocoa smallholders and at least four times as many family members, you see that half our population depends directly on a healthy industry."

Cocoa is unique in that almost the total production leaves the country, accounting for 40 percent of export earnings. It contributes only 14 percent to agricultural GDP, far behind the 55 percent of the cassava, yams, plantains and cocoyams that feed the nation.

**Former glory days**  
The industry is today in the throes of the most comprehensive refit since the bean was first exported from Ghana 80 years ago. If it works, cocoa will be one of

the engines of economic recovery.

The glory days came after independence when, in one year, almost 400,000 tons were loaded at Takoradi for export. By 1979, however, Ghana had lost its lead in the world export table to its neighbor, the Ivory Coast. Indonesia has since ousted Ghana in production and expertise. In 1984, exports hit a rock bottom 159,000 tons, though much may have been smuggled out to avoid the risible official price to the producer. The fall in production was also accelerated by aging trees and tree disease.

Liberalization of the cocoa business has placed farmers center stage. Once they were viewed as no more than "tree-minders." Today they can play a larger role in improving their lot. They now receive 60 percent of the market price, compared with 30 percent in the 1980s.

This shift in the balance of power has been made possible by a reduction in bureaucracy. Tens of thousands of "not-on-farm" officials have been laid off, and the restructuring is not yet over. The Cocoa Marketing Board has loosened its iron grip to allow private entrepreneurs to enter the market. Half a dozen licensed agencies now buy cocoa direct from the farmers.

**International help**  
At the same time, the lifting of import and exchange controls provides the macroeconomic environment for a resurgence of the industry. The cocoa sector has received an estimated \$200 million in World Bank-related soft loans, among which is a European Community scheme for smallholding rehabilitation.

**Quality control**  
This optimism has yet to be translated into substantial

The Kuapa Kokoo Union differs from the other buying agencies in being owned by the farmers. It is small, with fewer than 4,000 members in 50 villages, but now, for the first time, farmers feel they have some control over their lives. They can actually see the end product of their labors: Pinned on the bulletin board at Kuapa head office in Kumasi are wrappings of El Arco Swiss chocolate, made from their own beans. The all-important links are the Netherlands Development Organization and a British fair-trade body, TWIN, which provided funds and technical assistance.

In the old days, complaints of irregularities were endemic, from inaccurate scales to clerks demanding perks. Before its launch in 1993, TWIN offered scales to each village. Pauline Tiffen, the director of TWIN, recalls asking a farmer in a remote village why he had chosen to join Kuapa. "We took the same sack of beans to all the buying agents," he replied, "and yours was the only one that weighed correctly."

Kofi Taylor is recorder of Kokoso, one of Kuapa's village societies in the Brong Ahafo region. These days it is he, and not a government official, who pays the farmers for the beans delivered to the village shed for weighing and bagging. "We are making more money now," says Mr. Taylor. "We might use it for village roads, perhaps to buy a car. We need a tractor to move cocoa from remote areas."

**Quality control**  
This optimism has yet to be translated into substantial



*The cocoa story: pods from the trees (right) are dried and placed in sacks (below) before being carted to foreign chocolate manufacturers (above).*

material gains. For one thing, the improved consumer price is nullified by inflation. These smallholders yearn, like all the country's farmers, for the basics of a good life: clean water, electricity, waterborne sewage, medical care and accessible schools.

The buying agencies want liberalization to be taken a step or two further, so they can sell cocoa on the open market and not exclusively to the Cocoa Board or at the board's fixed price. But it will take time, warns Mr. Adjei-Maafo. "The multi-buying system is causing quality-control problems in post-harvest fermentation and drying, and the handling of the dried beans. We need to consolidate." The state's

Quality Control Division remains as uncompromising as ever in maintaining standards.

Ghana wants to increase cocoa earnings while reducing total area under cultivation by a further 100,000 hectares, to 850,000 hectares, by the century's end.

The earnings increase will have to come from better-quality trees, training for

farmers, research, fertilizers, three-yearly tree spraying — from an increase in volume per hectare rather than an increase in hectares.

Cocoa is grown in forest areas, not on the savannah. The cocoa-forest equation is these days settled in environmental terms. Mr. Adjei-Maafo talks of production rising to the 800-1,000 kilograms per hectare now achieved in Indonesia. Yet Ghana's higher-yielding hybrid trees, first planted in the 1970s, still only produce 450 kilograms per hectare.

Primary producers complain that however hard they try to raise production, improve quality and reduce costs, European buyers have an unfair advantage over them. The average world price for cocoa beans in the 1980s was £1,310 a ton (\$2,070, but cocoa is traded in sterling), against £4,210 for chocolate. These days, says Mr. Adjei-Maafo, the difference is closer to £900 against £5,000. "Our earnings are in no way commensurate with the cost of Western inputs, which go up in price whatever the state of the world economy," he says. "The cocoa price is declining in real terms."

**Chocolate prizes**  
More spraying would require yet more imported insecticides and machines, inputs that eat heavily into costs. Mr. Adjei-Maafo

says, "We are always inviting people to come here and make things like chocolates. It is generally recognized that our cocoa is of the highest quality." Yet European chocolate makers have so far preferred to stay at home. Ghanaian-made chocolates have won prizes in a New York industry competition, due largely to its quality cocoa butter.

Now the West African Milling Company has entered into a joint venture with a German firm to make cocoa mass in Takoradi. In the meantime, Ghana's production is rising — 245,000 tons this year, a projected 270,000 tons next year and an eventual optimum of 300,000 tons. The test is whether Ghana can match the fierce tigers of East Asia in cheapness and efficiency of production. Ghanaians are confident that the bean will bounce back again.

D.H.



**G**HANA'S permanent Forest Reserves are being controlled more and more through research and practical working plans. The Reserves provide an annual maximum sustainable harvest of 1.2 million cubic metres every year. Selective logging systems and fallow periods offer renewable wood supplies and perpetuate the very existence of the permanent forest for other environmental and social benefits. Whilst some forest has to give way for national needs, our permanent Reserves are essential to our economy.

Our forests are a principal source of jobs for an industry supporting 250,000 people and more. They are a part of Ghana's own economic and social development, giving us vital and versatile forest products now and for future generations.

Wood is everywhere: in our homes, schools, hospitals and offices; it is used on land, sea and river, and for fuel. It is the renewable material for everyone.

Wood exports are important too — they go not only to the developed world but



elsewhere, including less forested African countries.

Some people in the developed world want to stop importing tropical wood. Why? For sure bans do not help under-resourced tropical countries and they certainly don't ensure good forest management.

Ghana believes in its forests. Ghana is making its own decisions about land use and the future of its forests.

IF YOU WANT FULL DETAILS OF OUR FOREST MANAGEMENT SYSTEMS, CONTACT:

**GHANA**  
TIMBER EXPORT  
DEVELOPMENT BOARD

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## EDUCATION

### SCHOOLING IS A RIGHT FOR ALL

*More trained teachers accelerate planned increase in school enrollment.*

**P**lans to introduce free compulsory universal basic education by 2005 are on course, says Education Minister Harry Sawyer. The root and branch reforms, begun in 1987, have already changed the emphasis from the English grammar-school tradition to a system that encourages vocational and technical training.

Presently, children have six years in primary school and three years in junior secondary, with the option of a further three years at senior secondary school.

The reforms are intended to offer children more outlets for their skills, while at the same time enhancing the country's economic performance. A recent ministry publication, "Basic Education — A Right," says that "accelerated economic growth should be supported by an educated population which is capable of participating actively in and also benefiting from the process of growth."

At the moment, Ghana has a lower basic education enrollment and literacy rate than the Asian countries had when their economic growth began to accelerate.

The report adds, however, that Ghana's secondary school enrollment level of 39 percent compares favorably with the Far Eastern nations. Enrollment is increasing at all levels.

Ghana has received \$400 million in credits or grants from the World Bank and other international donors since 1987. This year, "pavilion classrooms" are to be built for 2,000 "deprived" schools across the country. These will be skeletal structures, and local communities are being asked to build walls around to make them habitable.

"Will will build bungalows to make rural schools more

attractive to teachers," says Mr. Sawyer, "and there will be incentives like bicycles or motorbikes."

The proportion of trained teachers in basic schools increased from 50 percent in 1986 to 73 percent in 1992, and the figure improves by the year. But many children are still taught by unqualified "pupil teachers." Mr. Sawyer expects 7,000 new teachers to qualify this year, so that the pupil teachers they replace can be offered a place at college. He intends to "wipe out" the pupil teacher factor in five years.

Other objectives include the equal enrollment of girls, a library for each basic school by the year 2000, and the provision of one textbook in each subject per pupil within three years — the most recent figure is one textbook shared by two pupils. The leap in enrollment is expected to push up primary school pupil/teacher ratios from 27 to 35, and from 17 to 30 in junior secondary schools.

Formal education in Ghana began with the Castle Schools of the early slave days. It was later encouraged by the British, but within a limited social range. Attempts since independence to extend the system throughout the population have suffered from a lack of funds or political upheaval. But the thirst for more and better schooling remains as strong as ever.

The success of Ghana's lawyers, doctors, international civil servants and technicians across the world is a testimony to that tradition. Mr. Sawyer makes a prediction: "The time will come when they will be fighting for jobs here."

D.H.

*John D. Hirsch*

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**GHANA****CASTLES, FORESTS AND FESTIVALS ATTRACT TOURISTS***Ghana plans to offer more than sunny beaches.*

**T**ourism has quietly overtaken timber to become Ghana's number-three earner of foreign exchange, and it is creeping up on gold and cocoa, too. "We are offering that part of Africa that has yet to be explored," says the tourist board's Edmund Ofusu-Yeboah. By this he means that Ghana is not just offering the beach tourism of its neighbors along the coast, nor the wildlife of East and Southern Africa; nor the easy European access to the African Mediterranean, but also "high quality tourism."

Of the 205,000 foreigners who spent \$235 million in Ghana last year, half were on business and half were on holiday. Mr. Ofusu-Yeboah expects tourism to be the leading industry early in the next century. "We have come in the space of 10 years from near obscurity into the limelight," he says.

Ghana is conscious of the negative impact tourism can have. "We don't want mass tourism where other people dictate to us," says Mr. Ofusu-Yeboah. "We will not allow a string of beach hotels in colony form, where tourists impose their culture on the local people, leading to prostitution and other evils. We want to keep it at a human level."

**Impact on inhabitants**  
Visitors to Ghana will, of course, want to enjoy the miles of sand, sun and surf, but there are also castles, forests and festivals for those who tire of being beach bums. The country is especially proud of the Kakum forest reserve, where conservation, tied in with

low-scale tourism, has been made possible with the help of UNDP, USAID, the Smithsonian Institution and Shell.

Projects in the rural areas are usually preceded by a study of the impact on the locals. At Kakum, one-time loggers have been retrained as guardians of this irreplaceable heritage. The visitor walks a trail through the moist tropical forest, which a few years back was in danger of being cut down. Our guide, Kwame, talked of the forest as "nature's supermarket," with its variety of trees — Ghana has 360 species — and the medical, household and building needs they fulfill.

Kakum is home to genet

and civet, colobus and guenon monkeys, duiker, pangolin and 150 plus elephants, but they are not highly visible on the forest walk. Beginning this month, however, a Tarzan-style rope walk through the forest canopy will offer overhead views of the unsuspecting animals below.

**Slave-trade memories**  
Ghana's castles are its greatest tourist magnet. Most notable is St. George's Elmina, where, over three and a half centuries, millions of people were stuffed into dungeons to await shipment to the New World. Small wonder that a large part of Ghana's 20,000 American visitors are African-Americans whose ancestors' traumatic



For the tourist, attractive beaches, ancient castles, modern hotels and reminders of Ghana's proud history in leading colonial Africa to independence in 1957.

rupture with Africa was finalized at the small exit leading through the walls of the fort to a slave schooner.

Elmina holds lessons for all, however. Europeans made it all possible, and there is much scope for thoughtful reflection as you look across the ramparts at the fishermen maneuvering their canoes through the breakers.

The Portuguese, who built Elmina in 1482, placed their church directly over the slave auction hall. At the British fort 10 miles to the east at Cape Coast, the Anglican church was built directly on top of the dungeons with their open drains.

Rather more joyous are the festivals. Virtually every district has one marking the harvest, thanksgiving or victory in war. One show is the best of Ghanaian dancing, music (wonderful drummers, and they never stop) and exquisite Kente cloth. Some visitors may be lucky enough to dine on chicken and groundnut stew.

This year, there will be celebrations in the second city of Kumasi, home of the palace of the Ashanti king, the Asantahene, who was crowned before his "Golden Stool" 25 years ago. Last December, Panafest, a 10-day celebration of African culture, attracted artists and audiences from around the world. The next Panafest, in December 1996, threatens to become the major festival of its kind in West Africa, if not on the entire continent.

**Crocodile pond**  
There are other attractions away from Accra and the castles — the Volta dam overlooked by the modern village of Akosombo; the Asante world of goldsmiths, Kente cloth and the gold mine at Obuasi; the 17th-century Larabanga mosque and the Mole National Park in the Northern Region; and Bolgatanga,

which offers a catering rest house and the Paga crocodile pond near the Burkina Faso border. The trains, which are being revamped, run from the coast to Kumasi. Clearance at Accra's Kotoka airport is quick, pleasant and hassle-free, though visitors must insist that one porter is enough.

While Mr. Ofusu-Yeboah



Lufthansa is back in Ghana, joining British Airways, Alitalia, Swissair, KLM and Ghana Airways out of Europe. Ghana Airways flies direct to New York, a service that will be backed up by tourist consulates in 13 American cities, some of which are already open. The dry season (October to March) and post-rains August are good getaway times for northerners.

**Five-star hotels**

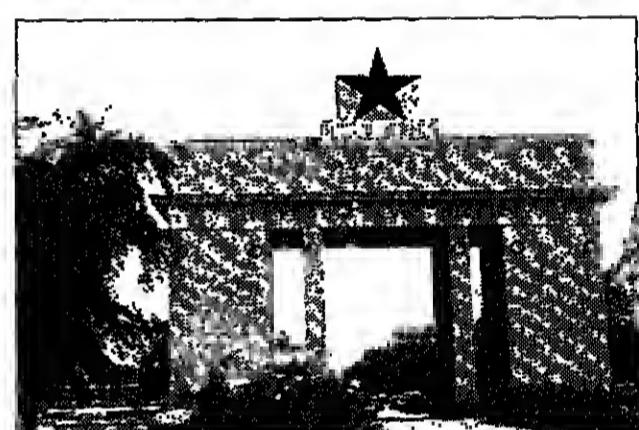
Hotels are springing up like mushrooms. The Labadi Beach on Accra's loveliest stretch of sand is the country's first five-star, while two more are under construction. Novotel, Golden Tulip and Shangri-La provide international-standard accommodation in the capital, and Kumasi has the Georgia. The International Conference Center hosted 64 conferences last year and more of these centers are under construction.

While Mr. Ofusu-Yeboah

admits that Ghana is looking for quality tourists, there are still more modest hotels for the tourist on a budget. Condor, a Lufthansa subsidiary that flew packages into Togo, has been talking to the authorities about doing the same in Ghana. Indeed, Germans will soon overtake the British as the largest tourist group visiting the country.

There is still much to be done, but things are happening surprisingly quickly. The "Medium Term National Tourism Development Plan 1993-95" is producing far-reaching infrastructural changes. Some 300,000 people are directly and indirectly employed in the industry. In 1985, earnings did reach \$20 million; this year, they could be closer to \$250 million.

Ghana is neither Biarritz nor Benidorm, but a friendly West African country with a thousand-year story that it hopes to share with the intelligent and adventurous traveler.

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**Close of trading Friday, March 3.**

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**(Continued From Page 25)**

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**NASDAQ NATIONAL MARKET**

**Consolidated trading for week ended Friday, March 3.**

1094 28 26  
12 22 21 34  
491 24 71 19

## CAPITAL MARKETS ON MONDAY

**Most Active International Bonds**

The 250 most active international bonds traded through the Euroclear system for the week ending Mar. 3. Prices supplied by Telekurs.

Rak Name Cos. Maturity Price Yield

**Belgian Franc**

203 Belgium 7 04/29/99 98,2300 7.1200

**British Pound**

173 Dolly mall 9% 09/23/05 101,1250 9.4400

245 Bristol 6% 02/23/99 99,7300 6.8700

**Danish Krone**

4 Denmark 7 12/15/04 88,7000 7.8900

1 Denmark 0 02/23/99 98,3500 6.3500

9 Denmark 9 11/15/04 94,1000 6.8500

23 Denmark 8 03/15/05 94,1000 6.8500

23 Denmark 9 11/15/04 102,2200 8.8000

23 Denmark 4% 02/10/99 97,3000 6.8000

4 Denmark 6 12/10/99 91,2000 6.5900

55 Denmark 9% 04/10/99 101,2300 9.1400

3 Denmark 8 11/15/04 97,0000 6.8200

12 Denmark 5% 08/10/99 97,2000 5.3700

12 Denmark zero 98,4139 15.4700

13 Denmark 7 11/10/99 78,5300 8.9100

16 Denmark 7 07/05/95 98,0845 5.5700

21 Denmark zero 10/02/95 94,5554 6.1600

**Deutsche Mark**

1 Germany 7% 01/03/05 100,2600 7.3600

2 Treuhund 7 11/23/99 100,7550 6.9500

5 Germany 7% 09/22/99 100,7500 6.9500

7 Germany 6% 07/15/04 95,9522 7.0000

9 Germany 6% 07/01/99 98,1700 7.0000

10 Germany 8% 12/20/95 102,3600 8.5500

11 Germany 6% 07/15/04 102,3600 8.5500

12 Germany 9 10/20/00 106,3000 7.3600

13 Germany 7% 11/11/04 100,7400 7.3600

15 Germany 0% 12/20/99 102,7300 8.5000

16 Germany 6% 09/15/99 98,2000 6.7500

17 Germany 6% 07/15/99 99,2000 7.0000

18 Treuhund 6% 05/12/02 95,7300 7.0000

22 Germany 6% 03/04/94 92,7157 6.7400

22 Germany 8% 08/20/01 107,4500 8.1400

22 Germany 6% 08/20/01 107,4500 8.1400

25 Germany 6% 01/20/97 103,4700 8.0800

27 Germany 6% 07/20/97 97,3750 8.1500

29 Treuhund 6% 07/29/99 97,3750 8.2000

30 Germany 7% 09/22/97 100,7300 7.4000

32 Germany 6% 07/21/99 102,8200 8.5000

34 Treuhund 6% 04/29/99 96,0800 5.9800

37 Germany 0% 02/22/96 102,8500 8.5000

39 Germany 6% 12/17/99 99,2000 7.0000

40 Treuhund 6% 01/14/99 94,0214 5.2200

41 Germany 6% 02/20/96 102,4750 8.4000

45 Germany 6% 01/20/98 100,7050 6.5200

46 Germany 6% 02/20/99 97,3500 6.2000

47 Germany 6% 11/12/99 91,3850 6.5700

49 Germany 9 10/22/00 102,2500 7.3300

50 Germany 6% 07/21/99 103,8625 7.5000

51 Germany 6% 04/29/99 102,8500 8.5000

52 Germany 6% 08/20/99 99,2000 7.0000

53 Germany 6% 09/24/98 99,1647 6.5000

54 Germany 6% 05/20/98 99,1647 6.5000

57 Germany 6% 02/20/91 103,4250 7.2000

60 Germany 6% 05/20/99 97,3500 6.2000

61 Treuhund 6% 05/20/99 97,3500 6.2000

62 Treuhund 6% 05/20/99 98,4300 6.2100

63 Treuhund 6% 04/20/99 102,4750 8.2000

64 Treuhund 6% 08/20/99 102,4750 8.2000

65 Treuhund 6% 09/24/98 99,1647 6.5000

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92 Treuhund 6% 05/20/99 97,3500 6.2000

93 Treuhund 6% 05/20/99 97,3500 6.2000

94 Germany 6% 09/30/04 102,4750 8.5000

95 Germany 6% 02/28/00 98,4148 6.1000

96 Germany 6% 04/23/00 94,7900 6.8000

97 Germany 6% 04/23/00 94,7900 6.8000

98 Germany 6% 04/23/00 94,7900 6.8000

99 Germany 6% 04/23/00 94,7900 6.8000

100 Germany 6% 04/23/00 94,7900 6.8000

101 Germany 6% 04/23/00 94,7900 6.8000

102 Treuhund 6% 04/23/00 94,7900 6.8000

**CAPITAL MARKETS ON MONDAY****Banks Are Back as Global Lenders**

By Carl Gewirtz  
*International Herald Tribune*

PARIS — After nearly a decade of retrenchment following the Third World debt crisis and the subsequent tightening of global capital standards, banks are back.

They have taken over the international capital market, displacing private non-financial corporations as the biggest issuers of bonds, and they have resumed international lending on a scale not seen before.

The latest *Financial Market Trends*, published by the Organization for Economic Cooperation and Development, showed that banks last year were the major issuers of international bonds, with total volume of \$136 billion, 24 percent above the level of 1993 and more than double the levels seen at the start of the decade. Banks accounted for 32 percent of the \$426.9 billion raised in the international bond market last year.

At the same time, syndicated bank credits totaled a record high of \$203 billion. Excluding identified refinancings, net lending surged to \$149 billion — topping the peak of \$115 billion posted in the late 1980s. While there is no breakdown of how much of this was lending to corporations, 88 percent of the total was lent to borrowers in the major industrialized countries that are members of the OECD.

This dramatic increase in bank lending was marked by "fierce competition between banks hungry for assets" that resulted in a

sharp decline in borrowing charges and a relaxation of standard financial covenants, raising the question "whether the present terms adequately compensate banks for the risk they are taking," the report stated.

This fierce competition to lend, last seen in the lead-up to the 1982 Mexican debt crisis, continues. For example, a syndicated loan of 5 billion European currency units (\$6.46 billion) for Italy carries an interest rate of 8 basis points over the interbank offered rate at a time when Italian floating-rate dollar bonds trade at a margin of 20 basis points over the interbank rate and its floating-rate note denominated in Deutsche marks trades at a margin of 14 basis points.

Spain, Portugal, Sweden and Greece — among the more prominent recent borrowers to tap the syndicated loan market — have all raised money at costs lower than they would have had to pay to tap the bond market.

Corporate borrowing in the bond market last year dropped 20 percent, to \$120.5 billion, the OECD study showed, and bond issues by governments fell by a similar percentage.

The heavy pace of corporate-bond issuance in the previous three years was associated with a record level of refinancings as companies rushed to take advantage of the worldwide decline in long-term interest rates and look in low-cost long-term liabilities. That decline ended early last year, resulting in turbulent bond market conditions and a widening of spreads that private companies and governments had to pay to issue paper.

These unsettled bond market conditions, the report noted, resulted in a "spectacular increase" in medium-term Euronotes. These are private placements whose terms and conditions are tailored to suit investors. The placement last year of \$243 billion worth of such notes was more than double the level of the previous year. There is no breakdown, however, on who the notes issuers are.

Private companies also made widespread use of the international market to raise \$45 billion through the sale of stock. Nearly a third of this was related to privatizations. The total of \$15.6 billion in equity placements from companies in developing countries was nearly double the level of the previous year.

*J.P. Morgan*

## Herald Tribune INTERNATIONAL BUSINESS / FINANCE

MONDAY, MARCH 6, 1995

PAGE 23

### CYBERSCAPE

#### Netscape Is Capitalizing On Its Map of the Highway

By Peter H. Lewis  
*New York Times Service*

**N**EW YORK — It would seem to be a bonanza for Netscape Communications Corp. Only a few months after releasing its first software, the company seems to be the runaway leader in a field with growth rates not seen since the early, heady days of the personal computer business.

The frenzy involves so-called browser software — programs that enable Internet users to navigate the phenomenally popular multimedia service known as the World Wide Web. Although other browsers are available, Netscape's Navigator software has emerged as many people's browser of choice.

More than 3 million copies of Netscape Navigator have been distributed since December.

People use the software to visit any of thousands of sites and so-called home pages, such as CBS's "Late Night With David Letterman" home page or the new Web site from Ragu Spaghetti Sauce, called Mama's Cucina.

"I'm astonished; I've never seen anything like this in my life," said James Clark, the 51-year-old chairman of privately held Netscape, which is based in Mountain View, California. He was referring to the popularity of the program, not its profitability. Mr. Clark, who last year left Silicon Graphics Inc., which he founded, to start his new company, cannot be assured of financial success with this venture. So far, the bulk of Netscape's software has been given away.

There is fierce competition even within this give-away market, with Netscape Navigator taking on its main rival, a program called Mosaic that is licensed by Spyglass Inc., and browsers from a handful of other companies.

It is all part of the pressure to control the browser market, where whoever achieves dominance has a good chance to set standards for this increasingly key component of doing business on the Internet.

Netscape's business plan is essentially a reversal of the venerable marketing strategy of giving away safety razors to sell blades. Although people who want customer support from the company can pay \$39 for the privilege, most users so far have simply downloaded Netscape Navigator from the Internet at no charge.

Netscape is basically giving away the consumer versions of its program — the blade — in the hope of profitably selling and servicing the razors. The razors in this case include versions of Navigator for companies operating sites on the World Wide Web. These server versions of Navigator cost \$1,500 to \$5,000, and companies operating Web sites might typically buy 20 or more copies.

Other business opportunities include selling Navigator's software technology to other companies to fold into their own software or network services.

The coming months will be crucial for Netscape as it attempts to consolidate its lead in blades while building up its razor business.

*Cyberscape Address: Cyberscape@jlt.lib.demon.co.uk*

**The Navigator helps  
World Wide Web users  
find home:**

#### Austria Set To Defy EU With U.S. Air Accord

*Bloomberg Business News*

**T**OULOUSE — An official at Austria's Transport Ministry said Sunday the government would defy European Union wishes and sign an "open skies" agreement with the United States later this week.

The ministry official, Gerhard Stadler, said that an Austrian delegation would travel to Washington on Monday to complete the deal. "We will definitely sign this week," he said.

Open-skies agreements permit airlines to operate in each other's territory with minimal restrictions. Such accords were announced last week by Belgium and Luxembourg.

The European Commission opposed bilateral aviation pacts and has said it would challenge their legality.

The commission wants to negotiate on behalf of all EU member states in the belief that European airlines will get a better deal that way. Austrian officials said the EU has no such power.

"I don't think the EU has a mandate for this," Mr. Stadler said. He said Austria could not wait for the EU to go through the process of getting agreement from all member states. "There's a danger we're going to be left out," he said.

Washington took the initiative in seeking agreements and offered to negotiate with Siemens AG, in an action that began nearly two weeks ago after employers refused to make a firm pay offer in response to IG Metall's 6 percent wage claim and insisted the union discuss cost-cutting measures.

The strike has so far remained localized at 33 plants, but the union has threatened action throughout the country if employers stand by their promise to lock out workers unless an

#### Down to the Wire in Barings Bid

*Compiled by Our Staff From Dispatches*

**L**ONDON — ABN-AMRO Holding NV and Internationale Nederlanden Groep NV were locked in talks on Sunday to pick up the pieces of the shattered Barings PLC, which collapsed a week ago under the weight of \$1 billion in losses blamed on a maverick Singapore-based trader.

"The negotiations are ongoing," a spokesman for Ernst & Young, the court-appointed administrators of Barings said. "There are two parties in the frame."

ING began exclusive talks with Barings administrators on Thursday over a possible buy-out of "virtually all" the bank's assets and liabilities, after it collapsed when the 28-year-old British dealer Nicholas W. Leeson bet a fortune that Japanese and other Asian financial markets would push ahead.

ING tentatively offered a symbolic £1 (\$1.60), but would have to assume billions of millions in liabilities to acquire what's left of Barings.

"If the losses aren't clear, we won't make a bid," Rund Polet, an ING spokesman, said Sunday. "There are no sanctions if we don't make a bid today."

While ING scrutinized Barings to

make sure there were no hidden surprises, its exclusive right to buy the bank expired Friday night. That left an opening for ABN to launch its bid, which it did with Smith Barney, Shearson Inc.

ABN has not commented on the specifics of its bid, but it has been widely reported that ABN wants Barings' corporate finance division and Smith Barney wants Barings Securities.

Barings would give a big boost to ABN's international profile. The bank's top management arrived in London hours after the Bank of England began searching for buyers last week.

An ING spokesman said his bank was the only candidate in line to buy all of Barings. He added that the administrators of Barings preferred to see a wholesale takeover.

The bank will not be carved up until the first option has been finally exhausted," the spokesman said, referring to the effort to sell all the elements of the bank together in the sale.

ING has a reputation for innovation and a keen eye for a bargain, but its plan to buy Barings was its boldest bid yet.

Formed from a 1991 merger between

insurer Nationale Nederlanden with arm is smaller than ABN AMRO.

But ING has shown that it can walk away if a deal is not to its liking. Plans to merge with Belgium's Banque Bruxelles Lambert in 1992 collapsed at the last minute because ING decided the asking price was simply too high.

Barings is appealing to ABN and ING because both are looking to expand outside the Netherlands, probably by buying international banks with asset management operations. Their balance sheets combined are larger than last year's Dutch gross domestic product of 600 billion guilders (\$373 billion).

Time is of the essence. The longer talks at the London headquarters of Barings drag on, the greater the risk that its staff of 4,000 — the bank's most valuable asset — will jump the sinking ship.

"I'm hoping," said Barings director Ron Baker, still struggling to work out how the 233-year-old pillar of the banking establishment, which helped to finance the British empire, could be brought to its knees within a few weeks by the reckless gambling of a single trader.

#### Mercedes Says Detroit Sets Pace

By James Bennett  
*New York Times Service*

**D**ETROIT — The U.S. automakers, led by Ford Motor Co., have surpassed Toyota Motor Corp. to become the most efficient auto manufacturers in the world, said the chief of the car operations for Germany's Mercedes-Benz AG.

The Big Three U.S. auto companies routinely say that Toyota's operations set the standards, or benchmarks, for them as they try to increase productivity. But the Mercedes executive, Jürgen Hubert, said he no longer looked to Japan for guidance, as he did in the 1980s.

"Now, Detroit is the benchmark," said Mr. Hubert, the member of Mercedes' management board responsible for passenger cars.

Asked which of the Big Three he considered the best, he singled out Ford.

Mercedes is applying techniques learned from Ford to its worldwide operations, as well as to the assembly plant it is building in Tuscaloosa, Alabama, said Mike Jackson, executive vice president at Mercedes-Benz of North America.

#### Amadeus To Add U.S. Arm Continental Air Joins European Booking System

*Bloomberg Business News*

**B**ERLIN — Amadeus, Europe's largest flight reservation system, will acquire System One from Continental Airlines, creating the world's largest computerized flight reservation network, a Lufthansa executive said Sunday.

Amadeus, which is jointly owned by the largest carriers of Germany, France and Spain, refused to disclose terms of the acquisition, which would give the U.S. airline partial, but not equal ownership, in the expanded network.

Hermann Klein, a management board member of Lufthansa AG, announced the transaction, which he described as a merger, at a travel industry convention.

The deal will create a computerized flight reservation network with 88,500 terminals in Europe and the United States. In 1994, the two networks booked 260 million flights through 31,600 travel agencies.

Mr. Klein said: "The move reinforces the increasing global nature of airline competition and will give the three European lines vital access to the United States, the world's biggest travel market.

System One, which booked 80 million flights in 1994, is the third-largest computerized flight reservation system in the United States. Its network consists of 31,500 computer terminals at 8,900 travel agencies.

Amadeus booked 180 million flights last year through 57,000 computer terminals at 22,700 travel agencies across Europe.

The merger, which would take effect in 1996, depends upon approval from the executive boards of the four airlines. Mr. Klein said.

The announcement was made as Lufthansa said operating revenue from passenger services rose 4.8 percent in 1994 as the number of passengers rose 4.1 percent.

"I can safely say that Lufthansa, at the very least, broke even in 1994," Mr. Klein said, echoing the airline's prediction that it would return to profit in its first year after being sold to investors by the German government.

He said that Lufthansa's available passenger capacity, a measure of the size of its fleet, rose 4.8 percent in 1994.

#### German Employers to Make Offer

*Roures*

**M**UNICH — Bavaria's metalworking companies said over the weekend that they would make a firm pay offer to IG Metall, the largest German union, when wage talks resumed on Monday.

Rainer Hildmann, chief negotiator for the Bavarian industry chiefs, said "a concrete wage offer" would be made to the union, but he refused to specify how much money would be proposed.

About 20,000 workers are currently on strike across Bavaria, affecting such industrial giants as Siemens AG, in an action that began nearly two weeks ago after employers refused to make a firm pay offer in response to IG Metall's 6 percent wage claim and insisted the union discuss cost-cutting measures.

The strike has so far remained localized at 33 plants, but the union has threatened action throughout the country if employers stand by their promise to lock out workers unless an

accord is reached. IG Metall said Friday it was scaling back its strike action to 30 plants as a sign of goodwill ahead of the Monday talks.

If there is no breakthrough at the Monday talks, the union said it would decide on Wednesday whether to escalate the action.

Mr. Hildmann said he expected the talks to be difficult. "If we haven't finished talks on Wednesday, I would consider that very alarming," he said.

Pressure is mounting for a swift resolution to the conflict after chemical-sector wage talks stalled last week with both sides saying they were waiting for a benchmark accord from the metalworkers' industry to serve as a guide.

In addition, Herbert Mai, head of the union of public sector workers, said Saturday that his union, one of the larger unions and more active unions in the country, would align its wage demands this year to any metal-industry deal.

#### A Frenchman Cashes In on Hollywood

By Thomas Crampton  
*Special to the Herald Tribune*

**M**ALAKOFF, France — Denis Auboyer loves foreign films.

In fact, unlike most of his colleagues in the French film industry, he would not mind seeing American films, in every cinema — as long as Laser Video Tires is in charge of all the subtitles.

Thanks to his faith in innovation, Mr.

Auboyer owns a laser subtitled business with annual sales of 70 million francs (\$14 million) and more than 80 employees.

To get there, the manager-turned-entrepreneur bucked the establishment and won big.

Ten years ago, Mr. Auboyer managed 25 employees in the subtitled department of LTC, a film processing company. But now, LTC no longer subtiles films, and Laser Video Tires claims a 60 percent market share of the business in France.

Laser Video Tires owes its success to a new method of burning subtitles onto film with a laser. Previously, subtitles were applied using a chemical bath that often damaged the films.

The subtitles produced by Laser Video Tires are not only easier to read than the old method — which makes audiences happy — but they are also easier to position and edit — which makes directors happy.

The film director Roman Polanski derided the old method of subtiting as relying on the same 17th-century technology Rembrandt used for etching.

Mr. Polanski, who used Laser Video Tires to subtitle his latest films, including "Death and the Maiden," gave raved that the company's technique gave him greater control over the subtitles.

first to develop laser subtitles, the process has since been copied by others.

The first step in film subtiting, then as now, is to count the number of frames per scene. Translators write subtitles at a length of two frames per letter.

With the old method, the film was dipped into a protective parafin bath. The subtitles, which had been cast into miniature zinc strips, were mechanically impressed onto each frame, much like a rubber stamp. There was no way of knowing if the imprint had worked until after the next step: the bleach bath.

The bleach washed away the parts of the film's emulsion not protected by parafin — theoretically only those places stamped by the zinc strips. The result was white subtitles on the protected film.

In practice, however, the process had many shortcomings: bubbles in the parafin bath would leave random white dots of "snow" on the screen and in the soundtrack; the zinc strips would remove too little or too much parafin, and if there was a mistake, even early in the process of stamping the subtitles, the entire reel of the film was ruined.

With the laser system, once a first copy is made, the risk of destroying film virtually disappears.

Of the 1,700 films that Laser Video Tires subtitled last year, the majority were for French audiences. But France is by no means the company's only market.

"We subtitle into all the European languages, Arab, the Cyrillic languages, Chinese and soon even Japanese and Korean," Mr. Auboyer said.

The Chinese subtiting proved particularly difficult because Laser Video Tires had to develop software to guide the laser to make 6,500 ideograms. Fortunately, the hard work paid off when the company sold an entire subtiting system to China.

#### Home-Grown Movies Wilt in French Market

*The Associated Press*

**P**ARIS — French films claimed less than 30 percent of their home market last year for the first time in decades. The National Center for Cinematography said over the weekend.

French movies drew 27.8 percent of the total viewing audience of 126.3 million, the center said in a communiqué made available Saturday. U.S. films took 60 percent, up from 57 percent in 1993, and other foreign films 12.2 percent, up from 7.7 percent.

French films have not been as unpopular in their home country since before World War II. They claimed a 35 percent market share in 1993. Last year's decline came despite French government support of the industry with an 11 percent tax on movie tickets to aid film production.

The center attributed the slide to the lack of French blockbusters such as "Les Visiteurs" and "Gérardmer" of 1993.

The British film "Four Weddings and a Funeral" was primarily responsible for popularity of non-U.S. foreign films. The movie was the No. 1 box office draw in France last year.

For all films, box office revenue nationwide totaled 4.3 billion francs (\$843.2 million), with the highest number of moviegoers since 1987, said the communiqué, which was dated Tuesday.

Paris has been fighting to persuade its European Union partners to adopt a protectionist policy on television programming. U.S. films account for about 80 percent of the box office in Europe.

The center said 1995 "should be clearly more positive" for French film, considering the current success of several movies, including "Un Indien dans la Ville," ("An Indian in the City"), "Elisa," and "Gazon Maudit" ("Cursed Lawn").

#### CURRENCY AND CAPITAL MARKET SERVICES

**SABEX →**

FUTURES & IPE MEMBER

- \* 2

# India Cracks Ring That Forged Stocks

Compiled by Our Staff From Dispatches

**NEW DELHI** — The arrest of nine men linked to a multi-million-dollar stock forgery scheme is bound to shake investor confidence in India's booming stock market, officials said Sunday.

Police arrested the men over the past week for allegedly stealing stock certificates in 183 companies and banks, forging new shares and selling them to unsuspecting buyers.

"This is a serious matter as it is going to create problems in the minds of investors as to whether they are holding genuine or fake shares," said R.K. Pandey, executive director of the Delhi Stock Exchange.

Mr. Pandey said the scandal was the biggest uncovered in Indian markets since free-market reforms were initiated in 1991.

Police seized nearly 780,000 share certificates worth more than 10 million rupees (\$3 million) from six brokers and a computer operator, said Qamar Ahmed, deputy commissioner of police.

Two postal workers also were arrested. Investigators said the mailmen intercepted the share certificates and handed them to

brokers, who altered and resold them for about one-fourth their market values.

The group also forged shares, affixing fake signatures and company seals, and sold them on the stock market.

The police were tipped off after a brokerage received several premium shares of Dabur India Ltd., including many that bore the signature of one of its top executives, who denied selling his shares.

The arrests were made after an undercover police officer bought 400 stolen shares from Sanjay Mittal, one of those arrested.

In addition to Dabur India, police said the companies whose shares were forged by the group included Associated Cement Co., Reliance Industries Ltd. and Unit Trust of India.

Mr. Pandey said investors would not suffer losses because brokerages would have to replace any fake shares they might have sold.

"It is too bad such crimes are on the increase," Mr. Pandey said. "If the volume is aggravated, the situation will take a serious turn."

(AFP, Reuters, AP)

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## The Week Ahead: World Economic Calendar, March 6 - March 11

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News

### Asia-Pacific

- March 6 Canberra: Parliamentary committee holds a preliminary public hearing to evaluate the strength of government regulations of futures and derivatives trading at the Sydney Futures Exchange.
- Tokyo: Imported auto sales.
- Taipei: February consumer and wholesale price index.
- Singapore: First Pacific.
- March 7 Sydney: Reserve Bank of Australia monthly board meeting.
- Wellington: Fourth-quarter producer price index.

Japan: Import trade statistics.

Bank of International Organization of Securities Commissions annual emerging markets committee meeting. Through Saturday.

Earnings expected: Florens Group, JF Asia, Sime Darby.

• March 8 Sydney: Australian Investment Managers Association 1995 annual conference. Through March 9.

Hong Kong: The 12th Hong Kong International Furniture Fair. Through March 11.

New Delhi: Agri Expo '95, a week-long exhibition of agricultural products, machinery and trade begin.

Tel Aviv: Bank of Japan Governor Yasuaki Nakaso holds a news conference.

Tokyo: Third International Communications/National Information Infrastructure USA '95 exhibit to be held at the U.S. Trade Center.

Kuala Lumpur: Last day to apply for shares in Hotline Furniture Bhd's 9.65 million-share offering at a per-share price of 3 ringgit.

Singapore: Forum Magazine's Global Forum to convene. Speakers include Prime Minister Benjamin Netanyahu of Israel, Prime Minister Tony Blair of Britain, Chancellor Helmut Kohl of Germany, President François Mitterrand of France, and others.

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• March 9 Sydney: Quarterly balance of payments figures.

Canberra: U.S. economist and social critic Glenn Loury to address National Press Club on American social, economic and cultural problems.

Hong Kong: New Zealand Finance Minister Roger Douglas speaks on Inflation.

• March 10 Sydney: Australian Investment Managers Association 1995 annual conference. Through March 11.

Hong Kong: The 12th Hong Kong International Furniture Fair. Through March 11.

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• March 11 Sydney: January trade balance, excluding ships.

Zurich: February unemployment rate.

Frankfurt: January producer price index.

• March 12 Copenhagen: December trade balance, excluding ships.

Frankfurt: January trade balance.

Frankfurt: January producer price index.

• March 13 Paris: February unemployment rate.

Frankfurt: February consumer price index.

Frankfurt: February producer price index.

Frankfurt: February unemployment rate.

• March 14 Paris: February consumer price index.

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## SPORTS

# North Carolina Beats Duke, Extends a Top-3 Conference Streak to 31 Years

*The Associated Press*

North Carolina, which can still finish in a four-way tie for first place in the Atlantic Coast Conference, stands by itself as far as one of college basketball's most impressive streaks goes.

Jerry Stackhouse scored 24 points and Donald Williams 21 as the No. 2 Tar Heels beat Duke, 99-86, and kept alive their chance of winning the ACC title. The victory also extended one of college basketball's most impressive streaks.

The fifth straight victory over Duke assured the Tar Heels of finishing no worse than third in the league for the 31st consecutive season.

"Fortunately, there haven't been many times, a lot more one and twos," the Tar Heels'

coach, Dean Smith, said of the streak in what is traditionally one of the country's toughest conference. "I guess it could have ended with a loss here or we could be third if Virginia beats Maryland, or could it?" As

**COLLEGE HIGHLIGHTS**

you can see, I'm really caught up in it. It's something the players who played here should be proud of."

Duke tied a school record for losses in a season and is 3-14 since its coach, Mike Krzyzewski, took a leave of absence to recover from back surgery.

Trajan Langdon led Duke with 23 points.

No. 4 Connecticut 75, Miami

67: At Miami, Connecticut overcame the ejection of coach Jim Calhoun — who was whistled for two technical fouls — and beat Miami to become the first team to win consecutive Big East Conference titles.

Kevin Ollie's basket and assist on consecutive possessions helped Connecticut pull away in the final two minutes. Ollie finished with 16 points.

No. 5 Kentucky 127, LSU 80: Tony Delk scored 27 points and buried LSU with a season-high 20 baskets from 3-point range in handing the Tigers their second-worst loss ever. Kentucky inflicted most of its long-range damage in the first half, making 12 of 18 three-pointers in building a 63-36 advantage. Delk made five of six and had 21

points.

No. 13 Florida 70, Providence 68: Delk made five of six and had 21

points, and the Friars a 71-68 lead. Villanova's Alvin Williams hit two free throws with seven seconds remaining to cut the lead to the final margin. Jonathan Haynes had a chance to win the game, but his 10-foot jumper from the right side missed.

No. 12 Arizona 63, Washington 54: In Seattle, Damon Stoudamire scored 26 points and the NCAA tournament-bound Wildcats bounced back after letting a 20-point lead get away in the second half.

No. 14 Mississippi 71, No. 21 Alabama 67: Darryl Wilson scored a career-high 35 points as Mississippi State, playing at home, pulled off its second upset of the week as Troy Brown's free throw with 14 seconds left

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for Missouri, who were on their home court.

No. 17 Purdue 69, Illinois 56: Cuonzo Martin scored 29 points and Purdue, playing on the road, moved a half game ahead of Michigan State in the Big Ten race. The Illini need victories in their final two games against lowly Northwestern and Ohio State to nail down an NCAA tournament berth.

No. 19 Missouri 83, No. 16 Oklahoma 81: Paul O'Liney hit a leaning 15-foot jumper with 1.1 seconds left and sank a turnaround jumper at the buzzer as Wright State pulled off an upset in the quarterfinals of the Midwestern Collegiate Conference tournament.

Xavier lost to a conference team for the first time all season.

Oregon sank 18 of 20 free throws in the final six minutes.

No. 22 Syracuse 90, Boston College 62: Michael Lloyd scored 26 points as the Orange men won for just the third time in their last nine games.

Syracuse, coming off conference losses to Georgetown and St. John's, made 12 3-pointers to tie a team record set in 1992 against Notre Dame.

Wright St. 71, No. 25 Xavier, Ohio 70: Deleme Herriman took a full-court pass thrown with a 1.1 seconds left and sank a turnaround jumper at the buzzer as Wright State pulled off an upset in the quarterfinals of the Midwestern Collegiate Conference tournament.

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**NASDAQ NATIONAL MARKET**

Consolidated trading for week ended Friday, March 3.  
(Continued)

| Stocks | Div | Yld | Sales | 100s | High | Low | Clos | Chg | Stocks | Div | Yld | Sales | 100s | High | Low | Clos    | Chg  | Stocks | Div | Yld   | Sales | 100s | High | Low | Clos | Chg |
|--------|-----|-----|-------|------|------|-----|------|-----|--------|-----|-----|-------|------|------|-----|---------|------|--------|-----|-------|-------|------|------|-----|------|-----|
| Stocks | Div | Yld | Sales | 100s | High | Low | Clos | Chg | Stocks | Div | Yld | Sales | 100s | High | Low | Clos    | Chg  | Stocks | Div | Yld   | Sales | 100s | High | Low | Clos | Chg |
| MURKIN |     |     | 1,600 | 72   | 700  | 700 | 700  | -10 | SPAC   |     |     | 6,000 | 174  | 150  | 150 | -10     | TRIM |        |     | 1,600 | 10    | 110  | 70   | 70  | -10  |     |
| MYERS  |     |     | 5,923 | 184  | 184  | 184 | 184  | -10 | PROV   |     |     | 3,325 | 52   | 129  | 129 | -10     | TRIM |        |     | 1,600 | 10    | 110  | 70   | 70  | -10  |     |
| MYERS  | 12  |     | 121   | 27   | 27   | 27  | 27   | -10 | PYPER  |     |     | 1,760 | 20   | 188  | 188 | -10     | TRIM |        |     | 1,600 | 10    | 110  | 70   | 70  | -10  |     |
| MYERS  | 12  |     | 121   | 27   | 27   | 27  | 27   | -10 | PYPER  |     |     | 1,760 | 20   | 188  | 188 | -10     | TRIM |        |     | 1,600 | 10    | 110  | 70   | 70  | -10  |     |
| MYERS  | 12  |     | 121   | 27   | 27   | 27  | 27   | -10 | PYPER  |     |     | 1,760 | 20   | 188  | 188 | -10     | TRIM |        |     | 1,600 | 10    | 110  | 70   | 70  | -10  |     |
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## SPORTS

**Cejka Wins Andalucia  
For First Tour Victory***The Associated Press*

LEPE, Spain — Alexander Cejka of Germany shot 2-under-par 69 Sunday to win the Andalucia Open for his first European PGA victory.

The 24-year-old Czechoslovakian-born golfer finished three strokes ahead of Constantino Rocca of Italy and five ahead of Ireland's Paul McGinley and Wayne Riley of Australia.

Cejka, who carded five birdies and three bogies on the par-71, 6,667-yard (6,116-meter) Islaflorita Golf Club course, said, "I played solid, hit some very good shots, and with a few shots clear, I felt it was done."

Anders Forsbrand, who Saturday set a course record of 64, shot 75 to tie for fifth with fellow Swede Ole Karlsson.

U.S. Masters champion Jose Maria Olazabal, in his first

tournament since undergoing foot surgery Jan. 31, shot 70 to finish ten strokes off the pace.

• Peter Jacobsen, a two-time winner this year, gave himself a 41st birthday present of a surprise 64 and was tied with Greg Norman going into the final round of the Doral-Ryder Open in Miami.

Jacobsen birdied five holes in a row, did not make a bogey and did not have a "5" on his card. Norman tied Jacobsen with birdies on the 17th and 18th holes to shoot a third-round 65. They had a three-shot lead over Nick Faldo and second-round leader Davis Love III.

Scott Verplank, who had been tied for the lead after one round, took himself out of contention with a 76 that was followed by a 70.

**SCOREBOARD****NBA Standings**

| EASTERN CONFERENCE |       |       |          |  |
|--------------------|-------|-------|----------|--|
| Atlantic Division  |       |       |          |  |
| Orlando            | W 44  | L 44  | Pct .500 |  |
| New York           | 37 19 | 41 21 | .461     |  |
| Boston             | 24 32 | 34 22 | .476     |  |
| New Jersey         | 22 36 | 37 29 | .479     |  |
| Philadelphia       | 21 35 | 27 32 | .427     |  |
| Washington         | 17 31 | 27 32 | .417     |  |
| Charlotte          | 21 27 | 32 36 | .408     |  |
| Indiana            | 24 32 | 35 29 | .476     |  |
| Cleveland          | 33 24 | 34 22 | .514     |  |
| Chicago            | 29 30 | 49 27 | .500     |  |
| Atlanta            | 28 29 | 49 29 | .491     |  |
| Detroit            | 22 31 | 27 32 | .417     |  |
| Milwaukee          | 22 34 | 34 26 | .476     |  |

**WESTERN CONFERENCE**

| Midwest Division |       |       |          |  |
|------------------|-------|-------|----------|--|
| Portland         | W 14  | L 14  | Pct .500 |  |
| Utah             | 42 16 | 22 24 | .572     |  |
| San Antonio      | 30 20 | 30 20 | .500     |  |
| Houston          | 35 22 | 41 14 | .475     |  |
| Denver           | 26 31 | 45 52 | .375     |  |
| Dallas           | 22 29 | 40 52 | .333     |  |
| Minnesota        | 16 41 | 28 51 | .281     |  |

**Pacific Division****FRIDAY'S RESULTS****Other Major College Scores****SATURDAY'S RESULTS****TOURNAMENTS****Atlantic 10 Conference****First Round****Mid-South Conference****First Round****Charleston Southern vs. Towson St.****Liberty vs. Middle Tennessee State****NC-Greensboro vs. North Carolina****First Round****Calgary vs. Atlantic****First Round****Fairfield vs. Loyola****First Round****Georgia vs. Boston College****First Round****Georgia Tech vs. NC State****First Round****North Carolina vs. Wake Forest****First Round****Notre Dame vs. Boston College****First Round****North Carolina vs. Virginia Tech****First Round****North Carolina vs. Virginia****First Round****North Carolina vs. Florida****First Round****North Carolina vs. Duke****First Round****North Carolina vs. Wake Forest****First Round****North Carolina vs. Virginia****First Round****North Carolina vs. Georgia****First Round****North Carolina vs. Virginia****First Round****North Carolina vs. Florida State****First Round****North Carolina vs. Miami****First Round****North Carolina vs. Wake Forest****First Round****North Carolina vs. Virginia****First Round****North Carolina vs. Florida****First Round****North Carolina vs. Duke****First Round****North Carolina vs. Wake Forest****First Round****North Carolina vs. Virginia****First Round****North Carolina vs. Florida****First Round****North Carolina vs. Miami****First Round****North Carolina vs. Wake Forest****First Round****North Carolina vs. Virginia****First Round****North Carolina vs. Florida****First Round****North Carolina vs. Miami****First Round****North Carolina vs. Wake Forest****First Round****North Carolina vs. Virginia****First Round****North Carolina vs. Florida****First Round****North Carolina vs. Miami****First Round****North Carolina vs. Wake Forest****First Round****North Carolina vs. Virginia****First Round****North Carolina vs. Florida****First Round****North Carolina vs. Miami****First Round****North Carolina vs. Wake Forest****First Round****North Carolina vs. Virginia****First Round****North Carolina vs. Florida****First Round****North Carolina vs. Miami****First Round****North Carolina vs. Wake Forest****First Round****North Carolina vs. Virginia****First Round****North Carolina vs. Florida****First Round****North Carolina vs. Miami****First Round****North Carolina vs. Wake Forest****First Round****North Carolina vs. Virginia****First Round****North Carolina vs. Florida****First Round****North Carolina vs. Miami****First Round****North Carolina vs. Wake Forest****First Round****North Carolina vs. Virginia****First Round****North Carolina vs. Florida****First Round****North Carolina vs. Miami****First Round****North Carolina vs. Wake Forest****First Round****North Carolina vs. Virginia****First Round****North Carolina vs. Florida****First Round****North Carolina vs. Miami****First Round****North Carolina vs. Wake Forest****First Round****North Carolina vs. Virginia****First Round****North Carolina vs. Florida****First Round****North Carolina vs. Miami****First Round****North Carolina vs. Wake Forest****First Round****North Carolina vs. Virginia****First Round**

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**Herald Tribune**  
**INTERNATIONAL**  
**SPORTS**

MONDAY, MARCH 6, 1995

PAGE 27

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## Street, Zeller-Bähler Win Women's Races

*The Associated Press*

SAALBACH, Austria — Surprising nobody but herself, Picabo Street made it three in a row Sunday, giving to a World Cup women's downhill victory with 0.16 seconds to spare.

Later in the day, Swiss skier Heidi Zeller-Bähler won her third World Cup race of the season and her first super G.

And in Aspen, Colorado, officials declared America's A.J. Kitt the winner of storm-shortened World Cup downhill, a decision that could trigger protests by countries whose skiers fared poorly.

Thirty-one skiers had competed before the Aspen race was halted. Normally, two-thirds of the racers, in this case 44, must compete before a World Cup race is official.

Kitt finished in 1 minute, 45.46 seconds. Austrian Armin Assinger finished in 1:46.04 and Lasse Kjus of Norway was third in 1:46.13.

It was Street's fourth downhill victory this season. She finished in 1 minute, 37.87 seconds, with Isolda Kostner of Italy and Varvara Zeleznaya of Russia tied for second at 1:38.03. Renate Götschl of Austria was fourth, in 1:38.10.

"I'm a little bit surprised," said Street. "I didn't expect a victory. I was nervous watching Isolda Kostner. I was lucky."

With the icy slope claiming eight of the first 20 starters, it quickly became evident that Zeller-Bähler, 10th down the course, was the woman to beat. But she cautioned against celebrating while others were still competing, saying: "Let's wait until the race is over."

Previous super G races this season have given her grounds for caution — she was second once and third twice, with later starters sometimes depriving her of victory.

Zeller-Bähler was clocked in 1 minute, 04.59, just .03 seconds ahead of Zurborgen. Marina Eril of Germany was third.



Emile N'Tamack scored the clinching try for France, but had less success kicking the ball.

## Nippon Sails to Critical Cup Victory Over France 3

*The Associated Press*

SAN DIEGO — Europe's chances of remaining in the running for the America's Cup have taken a dunking, while an amateurish error before the start prevented Stars & Stripes from expanding its lead in the defender trials as it lost to Young America.

Nippon scored a key victory Saturday over France 3 in the battle for the last spot in the Louis Vuitton Cup semifinals for challengers. The triumph, by 3 minutes, 38 seconds, solidified Nippon's hold on fourth place.

France 3 ditched its radical new mainsail, designed to give it power in light air,

and then saw the wind die from 7 knots at the start to 4 knots by the third mark.

"The defeat was so comprehensive, we really have no answers," said Harold Cudmore, an Englishman who is sailing coach for the French. "The show isn't over until the fat lady sings, but she's on the stage."

Team New Zealand, one Australia and NZL-39 have clinched spots in the semifinals.

To survive, France 3 needs to win two of its four remaining races and have Nippon lose its remaining three.

Team New Zealand beat national rival NZL-39 by 2:35, and Rioja de Espana

beat Sydney 95 by 1:15 to pull out of last place for the first time since January.

On the defender course, Kevin MacNamee's Young America beat Stars & Stripes by 1:03.

Helmsman Paul Cayard wheeled Stars & Stripes into the starting area before the 5-minute gun, drawing a penalty that required a 270-degree turn after the start. "It was a bonehead move, that's for sure," Cayard said.

On Friday, America 3, the all-women America's Cup team, sailed its new boat Mighty Mary to victory over Pact 95's Young America, providing a much-needed morale boost for the women's team.

needed morale boost for the women's team. It hopes the new boat will give it the technological edge to beat the two all-male syndicates and win the right to defend the America's Cup in May.

On the challenger course, John Bertrand's one Australia and Chris Dickson's Tag Heuer Challenge clinched semifinal berths with victories.

Chris Dickson's NZL-39 was too strong for Rioja de Espana and became the third challenger to qualify for the semifinals. The challenger fleet leader, Team New Zealand, won its 20th race by beating Sydney 95.

## French Top Irish in Rugby, Scots Remain Undefeated

By Ian Thomsen  
*International Herald Tribune*

DUBLIN — So the French move on to the rugby World Cup hoping to convince themselves they're better than they really were.

It will be some job because their 25-7 victory over Ireland on Saturday was anchored fast by desperation. France, which had imagined itself winning the Five Nations Championship, finishes third (with relief) after two major losses to England and Scotland, which will decide the Grand Slam in a fortnight at Twickenham.

France made six changes, bringing back the 6-foot, 9-inch Olivier Merle (banned from the second match for his head-butt against Wales) and a trio of heroes in their 30s: Franck Mesnel (33), Louis Armary (31) and Marc Cecillon (35). Coach Pierre Berbizier desperately needed stability and so he sacrificed vision: The odds of a traumatic third straight defeat were greater than the chance of rediscovering the strength of their New Zealand tour last summer.

But he said the changes were demanded mainly because the winless Irish enforce such a tight game, and it would become that as he played himself down to the strengths of his host.

The French lead was only 3-0 at halftime, and that with the wind misting at their backs.

Ireland had chances to beat France for the first time since 1983, but its own process of selecting players piecemeal, by vote of a five-man board, has arguably led to a series of changes for change's sake.

More players had been lost to the Ian and appendicitis by the end of the week. At 35, the enormous lock David Tweed of Shannon became the oldest Irish to win his first cap.

Meanwhile the famed outside Eric Elwood, not selected for the first two matches, reappeared Saturday without his confidence. Too often the play

broke down going through him. The wind was at their backs in the second half as the Irish fell behind by 15-0 after Philippe Saint-André had created a try for Yann Delaigle in the 41st minute, and Cecillon had plowed over from a ruck in the 38th.

Then, for Ireland, a miracle of timing: three passes in a row, and another three, and Phil Danaher kicking into the right corner for Simon Geoghegan to outrace Saint-André. Elwood converted the hardest of kicks and it was 15-7 with 15 minutes remaining.

The French were content to let it dwindle until the final minute, when two tries brought documented truth of their strength. They will be happy the Émile N'Tamack and then Saint-André could give them that appearance. But then, nothing less should have been expected against a team winless against France since 1983. Ireland has been out-tried by 45 in that time.

"It was urgent to react after the Scotland defeat," said Berbizier, who has only a friendly with Romania before taking his team to South Africa. "I said then that the tournament was a failure and that still stands. In a way this was the first match of the World Cup."

He will want to do something about the new kicker, N'Tamack stood over the ball for hours like a bad golfer, then swung like one.

The problem with this team is that our nature and our temperament is to react when we are up against the wall," Berbizier said. "We are not able to prepare for a present goal. We are capable of putting up a good performance, but we are incapable of repeating it. The problem is inconsistency.

"What we showed today was that the most important thing is to keep the ball," he said. "If we are first to win the ball and then we are able to keep it then that's what rugby's all about. That's what England taught us and

to come back from two early misses. I was just delighted," Hastings said. "And then there was the big one from halfway."

Scottish fly half Craig Chalmers sliced a drop goal attempt wide from 20 yards but Hastings cut the Welsh lead to one point in the 20th minute when Welsh hooker Garin Jenkins was caught offside only 15 yards from the posts and he kicked the penalty.

Some enterprising play by the Welsh three-quarterline had the Scots under pressure near their own try-line and center Mike Hall twice was halted by tackles as he charged forward in search of a second try for the visitors.

But the Scots produced a spectacular counterattack to break out and score their first in the 32d minute.

Winger Kenny Logan took a pass from Chalmers deep in his own half and sprinted 40 yards down the sideline through three Welsh tacklers before feeding supporting back row forward Peters, who had a clear, 30-meter run at the Welsh line.

The Scots' third Five Nations triumph victory in a row followed a run of nine games without a victory. Last season they wound up last in the championship race while the Welsh, who lost for the third time this season, won the title.

**Free-Nations Scoring**

Irland — Try: Simon Geoghegan (46th). Conversion: Eric Elwood.  
France — Try: Yann Delaigle (41), Marc Mesnel (33), Louis Armary (31), Marc Cecillon (35). Penalty: N'Tamack (37).  
Scotland — Try: Craig Chalmers (23). Conversion: N'Tamack (37).  
England — Try: Eric Peters (32). Dove (32). Penalties: Hartshorn (12, 26, 53, 69). Wales — Try: Robert Jones (21). Conversion: Neil Jenkins. Penalty: Jenkins (64, 67).

### CROSSWORD



© New York Times / Edited by Will Shortz.

## WBA Rescinds Foreman's Title

*The Associated Press*

ATLANTIC CITY, New Jersey — George Foreman has lost the World Boxing Association's heavyweight championship in a meeting room of the Taj Mahal casino.

The WBA Executive Committee voted Saturday to reject the 46-year-old Foreman's appeal that it sanction his April 22 fight against unranked Axel Schulz of Germany. The vote count was not revealed.

The committee backed up a 5-0 vote by the WBA's Championships Committee on Jan. 27 that Foreman make his first title defense against the top available contender or have his title withdrawn by the organization.

Foreman and the promoter Bob Arum have indicated that they would take court action against the WBA if it didn't sanction the Schulz fight.

Foreman, speaking with KRIV-TV of Houston, said: "All I know is, I do believe on Nov. 7 I became the heavyweight champion of the world. It wasn't given to me as a gift. I had to get it by a knockout and I had to go to court to make sure I was allowed to fight, so there's no telling what court battle lurks behind the curtain now."

"I guess certain guys can be heavyweight

champion of the world and do whatever they want but they seem to pick on George Foreman for some reason," he said. "But I don't feel sorry for myself because I am the heavyweight champion of the world."

Tony Tucker, ranked No. 1, and Bruce Seldon, No. 2, will fight for the WBA championship. Both are promoted by Don King. Foreman won the WBA and IBF titles by knocking out Michael Moorer in the 10th round Nov. 5 in Las Vegas. The IBF will sanction Foreman's fight against Schulz on April 22 in Las Vegas.

Foreman said in a statement read by the promoter Butch Lewis, asked by the fighter to represent him at the appeal hearing, that if the WBA allowed him to fight Schulz, he would "defend the title against the challenger designated by the WBA later this year."

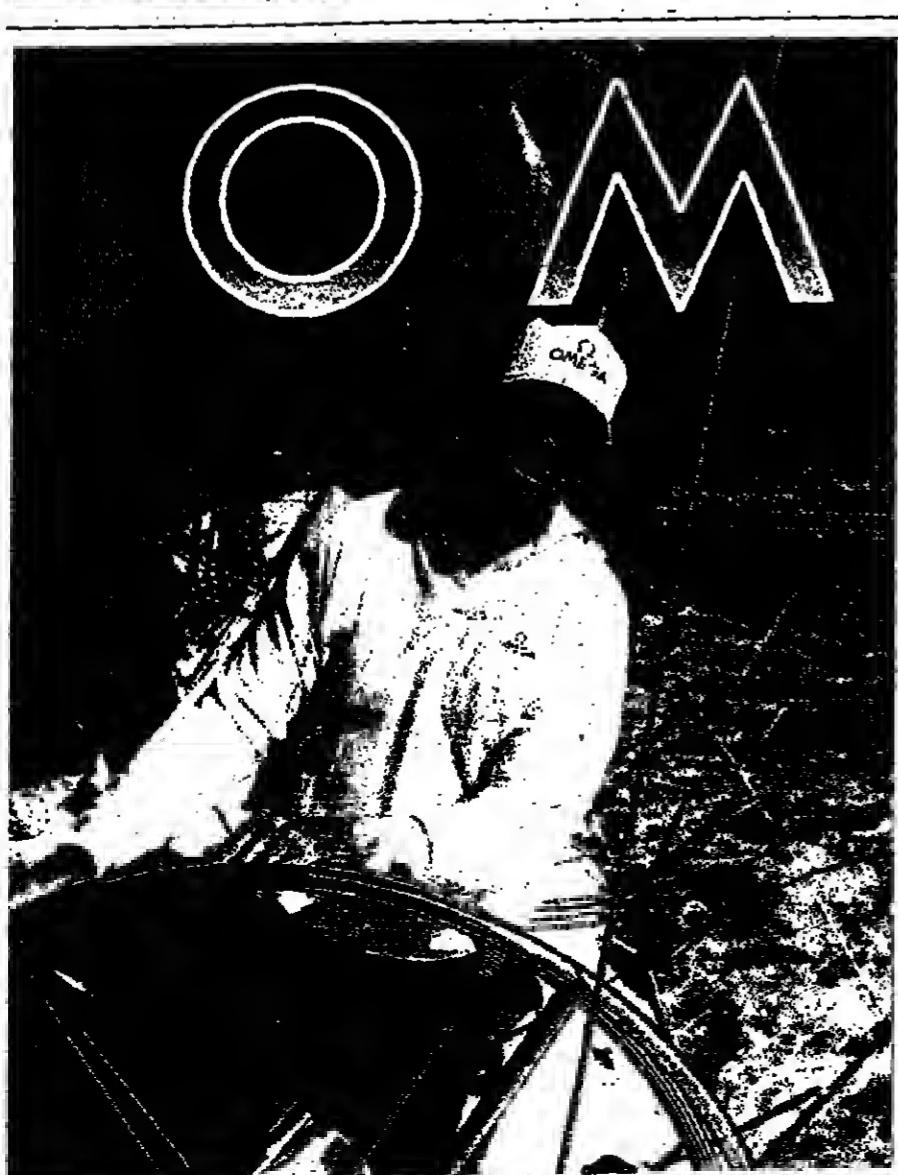
• Pernell Whitaker, knocked down by a left hand to the head in the fourth round, frustrated Julio Cesar Vazquez for the rest of the bout in Atlantic City, New Jersey, as he won the WBA junior middleweight championship with a one-sided decision Saturday night.

Whitaker became the fourth man to win at least pieces of world championships in four weight classes.

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THE LINK BETWEEN EXCELLENCE AND SAILING



## LANGUAGE

*Perceiving 'Interconnectedness'*

By William Safire

**WASHINGTON** — Robert Rubin, the new Treasury secretary, believed strongly that a collapse of investor confidence in Mexico would lead to similar dismay in other economies that need foreign investment.

"Not all of Mr. Rubin's friends on Wall Street," David E. Sanger wrote in *The New York Times*, "fully subscribe to what he calls this 'theory of interconnectedness' — if that's a word," he adds.

The noun *interconnectedness* first saw the light of print in the English theologian A. G. Hogg's 1922 tract, "Redemption From This World," in which he averred: "We labor hardest to perceive the *interconnectedness* of events."

That isn't exactly a grabber of a name for a theory, either, but it has the advantages of relative brevity and greater familiarity.

Why not, while we're compressing, drop the *inter-* and go directly to a theory of *connection*? Because it would be wrong. A clear distinction can be drawn between *connection* (from the Latin *nectere*, "to bind," and *con-*, "with"), which suggests a single link, perhaps initiated by one of the joined words, and *interconnection*: by adding the prefix *inter-*, meaning "between," the longer word means "a mutual joining" or "a linking of internal parts at several places."

Besides, *connection* has a sinister connotation: "The French Connection" was a movie about a drug dealer's method of doing business, its operative word based on the American underworld meaning of *connection* as "an inside source" for nefarious or corrupt dealings.

An even shorter word leaps to the political mind: *linkage*. But a word associated so closely with Henry Kissinger's diplomacy may not be desired in the Clinton administration.

Another solution for Rubin can be found in a figure of speech favored by the columnist Joseph Alsop and popularized by President Eisenhower in 1954: "You have a row of dominoes set up. You knock over the first one, and what will happen to the last one is that it will go over very quickly."

"So you have the beginning of a disintegration," Eisenhower said, explaining his decision to offer economic aid to South Vietnam, "that would have the most profound influences."

From the *domino theory* to *linkage* to *interconnectedness*; we've come a long way. Lone Ranger.

"I see 'shouting fire in a crowded theater' quoted in your paper — and everywhere else — all the time," writes David Dreyer, who has left the White House to join Rubin at Treasury.

"Have you ever done a column on the misuse of the phrase 'shouting fire *falsely* in a crowded theater?' Everyone drops the word 'falsely,' but never explains why it would be improper to warn patrons that their movie house is about to be consumed by flames."

Let us fully cite the great structure written by Justice Oliver Wendell Holmes Jr. Note in his wording that *crowded* is not used to describe the *theater*; also, the word *falsely* appears before *shouting fire*, perhaps the reason that *adverb* is often dropped. In the 1919, case of *Schenck v. United States*, Holmes wrote:

"The most stringent protection of free speech would not protect a man in a falsely shouting fire in a theater and causing a panic. . . . The question in every case is whether the words used are used in such circumstances and are of such a nature as to create a clear and present danger that they will bring about the substantive evils that Congress has a right to prevent."

"Gotcha!" I cried at the breakfast table. *Forgo* looked funny to me: what happened to the other *e*? I turned to my *New York Times*, and there it was: "and to *forgo* the disruption to our lives."

I was mistaken; so was my colleague at *The New York Times*. The prefix means "away" or "wrongly" and refers to omission or prohibition. As in *forbid*, *bear*, and *forswear*. The verb *forgo*, without the *e*, comes from the Old English *forgan*, meaning "to pass by," or as we would say now, "to pass up"; it means "to do without, to give up."

What threw me off? There is an archaic verb *forgo*, meaning "to go before," but it survives in the language as *foregone* and that will be a source of confusion if a foregone conclusion.

The prefix *fore*, with an *e*, with "to go ahead of" meaning, pops up in *forecast*, *foremost* and — as Simpson-potatoes can tell you — "the foreperson of the jury."

Many dictionaries list both spellings — *forgo* and *forego* — and helplessly suggest we pick "em. None of that permissive stuff in the foregoing paragraph for me: what the noncandidate did was to *forgo* a run.

A nice choice of a word for a man who was publicly pilloried for adding an *e* to *potato*. Dan Quayle chose the apt verb, spelled it right and caught a few of us off base.

New York Times Service

## WEATHER

## Europe

Forecast for Tuesday through Thursday, as provided by Accu-Weather.



## North America

A one- or two-day cold snap will begin from Chicago to the Great Lakes and from the eastern Great Lakes to the Gulf Coast. Rainy and cold weather will continue. Next week, after a springlike warmth at far north as New England, wind and sun will brighten Spain, Tuesday and Wednesday.

## Middle East

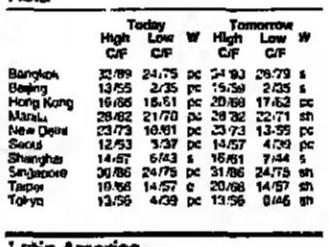
More strong, cold winds will blow across the Middle East and Northern Africa. Cool days and cold nights through midweek; any rain should pass quickly. Rainy weather is possible in Turkey, Israel, Jordan, and Thursday in Korea and Japan. Infrared light rain is likely from Taiwan to South China.

## Africa

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Legend: s=unstable; pc=partly cloudy, e=cloudy, sh=snowmers, h=heavy snow, r=rain, s+g=snow flurries, t=snow, H=Heavy snow, W=Weather. All maps, forecasts and data provided by Accu-Weather, Inc. © 1995

## Asia



## Latin America

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## HITSVILLE: Berry Gordy Remembers Motown

By Margo Jefferson  
New York Times Service

**N**EW YORK — There was a time when black music was expected to supply black audiences with all the plots, characters and dramas, all the distinctions of class, region and style that in a reasonably integrated America would have found their way into white mainstream plays, movies, novels and television shows.

That may be one reason the music took so many forms (jazz, blues, gospel), and why the offspring of each form had its own name (rhythm-and-blues, doo-wop, soul), and its own musical, and social, twist.

But none of these forms had lived an entirely segregated life; to one degree or another they had all taken what they wanted or needed from white music. With its youthful post-war brashness, aimed at teenagers, rock 'n' roll sped up this process.

The black pioneers of rock 'n' roll were not giving America unfettered race testimony or self-expression. They were giving America calculated entertainment in bright racial Technicolor. Rock 'n' roll was show business. To secure a mass audience it had to appeal to young blacks across class lines: be funky but suave too; primal, then languid, then ironic.

And it had to lure young whites across both class lines and the great racial divide: it had to be exotic enough to thrill them but familiar enough to make them feel at home.

No one managed this feat with more efficiency or more panache than Berry Gordy Jr. He started Motown Records in Detroit in 1959, called it Hitsville and went on to generate an unbroken string of hit records, beginning in the early 1960s and extending into the early '70s, a decade when the youth culture was in flower.

Some black performers like and Tim Turner and Etta James played rhythm-and-blues rock, with an aura of back roads and mean streets and rough sex. Others like Otis Redding, Wilson Pickett, Aretha Franklin and Curtis Mayfield played soul-rock, with its melodrama (I yearn, I burn, I cajole, I tease, I strut, I conquer. I beg, I



Berry Gordy in front of Motown headquarters in Detroit in 1966.

I weep, I curse) and its love of Latin-American beats and gospel phrasings.

Motown groups like the Supremes, the Temptations and the Miracles drew on these styles. But they drew on the pop song conventions of Tim Van Alley: streamlined emotions, stories told in crisp rhythms, clean patches of melody and neatly resolved rhymes and images.

Memoirs, histories and exposés of Motown have been appearing since the late 1970s. Now the music is reappearing, in handsome boxed sets.

And so, Gordy has finally stepped forward to tell the story his way. In November, he canonized himself in an autobiography called "To Be Loved" and an album called "The Music, the Memories, The Magic of Motown: A Tribute to Berry Gordy" has just appeared.

The autobiography takes its title from a hit he wrote for Jackie Wilson. Fair enough, but it is hard not to roll one's eyes heavenward when he declares that being loved is the key to who he is and what he has always longed for.

Oh, please, Gordy, you want to say. You were the founder and ruler of Motown: You oversaw the invention of an American sound and style, you made millions of dollars doing it, you

made and unmade careers as you saw fit. In your way you were as important as that other assembly-line autocrat from Detroit, Henry Ford. You have been revered, obeyed and imitated. Must you insist on being loved as well?

As for the album, it contains 14 Gordy tunes. Three of them, "Lonely Teardrops," "To Be Loved" and "Money (That's What I Want)," were hits, and deserved to be. The others were not hits, and deserved not to be. Gordy will be remembered as a producer, not a songwriter.

But after all these years, the original Motown sound is still lovable. All the elements were there in just the right balance: insolence and innocence, earthiness and pithiness, sly touches of individuality within a sleek mass-produced whole.

Gordy's memories of his own magic are pious and sentimental. Nevertheless, he has earned his spot in rock 'n' roll history. He had learned the basics of musical miscegenation from the rambunctious black fathers of rock 'n' roll. One was Big Diddley. With his leather vests, big-brimmed western hats and feathers, he was an urban cowboy, an outlaw and roustabout whose songs were tall tales set to a rolling bass.

Along with Liberace, Little Richard was an advance man for mass culture's

acceptance of camp. His look — the pompadour, the lipstick and false eyelashes, the big suit — was outrageous and aggressive, but his sexuality was too self-absorbed to be threatening.

Black male heterosexuality seemed safely channeled not only into homosexuality (which dared not speak its name in rock then) but into zany parody: self-congratulation side by side with self-mockery.

Chuck Berry was still more calculating. He was a musical con man. His early repertory was half Nat (King) Cole and half Muddy Waters; Cole, he said, taught him to sing sentimental tunes "with distinct diction," while Waters taught him to sing blues "in the language they came from Negro dialect."

Then Berry began throwing a little country-and-western into the mix, conning black audiences then irritating them, then amusing them. They started to treat hillbilly music the way white audiences were starting to treat rock 'n' roll: They tried to dance to it.

"If you ever want to see something that is far out," Berry writes in his autobiography, "watch a crowd of colored folk, half-high, wholeheartedly doing the hoodoo barefooted."

Gordy had a father who was a strict self-made businessman and a mother who taught school, was a Daughter of the Ruler of the Elks. His favorite poem was "If" by Rudyard Kipling, his favorite musicians were Charlie Parker, Dizzy Gillespie, Miles Davis and Erroll Garner, and though he wanted to sing like Nat (King) Cole, he wrote one of his first songs, "You Are You," for Donizetti Day, Victorian uplift hand in hand with postwar complexity and eternal perkiness.

Why did Gordy decide to move Motown to Hollywood in the 1970s and make treacly, old-fashioned movies like "Lady Sings the Blues" and "Mahogany"? With its assortment of characters and plots, Motown was already the hip musical equivalent of a major Hollywood studio.

Gordy gave up control of Motown in 1983, and though the company has recently produced his groups like Boyz II Men and Zhane, the hustler has faded.

## POSTCARD

## Reader Finds a New Book Reads a Lot Like an Old One

By Mary B.W. Tabor  
New York Times Service

**N**EW YORK — That the two books arrived on Cynthia Martin Kiss's night stand at the same time was coincidence.

One, "The Primary Colors," a recent book by Alexander Theroux, had received a glowing review in *The New York Times* Book Review, so she bought a copy. The other, "Song of the Sky," a 1954 book on navigation by Guy Murchie, which is out of print, had been recommended by a friend.

One cold Saturday night in December, having finished "The Primary Colors," Kiss picked up "Song of the Sky."

Fourteen pages into the book, she ran across what felt like a familiar passage. The author was exploring the color white. Kiss had just read Theroux's meditations on blue, yellow and red. She chuckled to herself that she might have discovered Theroux's muse.

Asked about the similarities, Theroux's editor at Henry Holt & Co., Allen Peacock, said Theroux had unintentionally neglected to credit Murchie. Reached in Califor-

nia, where he was traveling, Theroux said he had read hundreds of books, including "Song of the Sky," while gathering material for "The Primary Colors." But he said his notes from "Song of the Sky" were for a book he was writing on Amelia Earhart and must have got mixed with notes for "The Primary Colors."

In fact, "The Primary Colors," a mosaic of cultural and historic references to color, cites hundreds of other authors, artists and celebrated people. But Murchie, now 88, is not among those credited.

He said by telephone from his home in California that Theroux never sought, nor was granted, permission to use material from the 423-page "Song of the Sky." Murchie and his wife, Marc, said that they were pursuing a lawsuit against Theroux and Henry Holt, alleging plagiarism.

Peacock said that the 12,500 copies of "The Primary Colors" already distributed would not be recalled, but that future editions would credit Murchie or omit the offending passages.

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